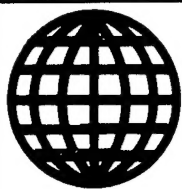


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CZECHOSLOVAKIA

Spelling of Republic's Name Still Controversial

Minister Questions Linguists' Ruling

90CH0161A Bratislava SMENA in Slovak
21 May 90 p 1

[Article by Slovak Republic Minister of Education, Youth, and Physical Culture Ladislav Kovac: "Science Cannot Make Political Decisions"]

[Text] I read and did not trust my eyes: Slovak dailies (for instance also SMENA of 26 Apr 90) carried a decision by the L. Stur Linguistics Institute of the SAV [Slovak Academy of Sciences] that the unofficial name of our country will be written as Czecho-Slovakia. What the Parliament was unable to agree on and what it ultimately rejected as the incorrect form (incorrect also linguistically!) is now to be codified by our science institution. How simple: What do we need a Parliament for when our political conflicts can be decided by scientists!

I will say it not as a citizen nor as a government official but as a worker in science: We have here a demonstration of how the staff of a science institution exceed the limits of their sphere of expertise and in the name of science expound on something that does not belong to science. The director of the Linguistics Institute confirmed to me in a telephone conversation that he personally supports this decision. Presumably he had it voted on democratically in the institute. But scientific truth is not obtained by voting! And I was prepared to believe that we have made a definite end to mixing science with politics.

What our country's official name should be is determined by law. There was no debate in the Parliament on an unofficial name. Where the law sets no limit everything is permitted, so that in principle everyone can use any unofficial name of our country that he may like. In the Czech lands they continue to write it as Ceskoslovensko, abroad as Czechoslovakia.

I don't want to play judge by merely drawing attention to a problem which should be resolved jointly by Czech and Slovak citizens. It is outside the competence of linguistics.

Language Institute Director Replies

90CH0161B Bratislava SMENA in Slovak
22 May 90 p 1

[Unattributed article: "Grammatical Correctness Is a Subject of Language Science"]

[Text] Yesterday's comment by Ladislav Kovac, Slovak Minister of Education, Youth and Physical Culture, regarding the position on the name Czecho-Slovakia taken by the L. Stur Linguistics Institute of the SAV [Slovak Academy of Sciences] elicited the following response from the Institute's Director Jan Kacala.

[Kacala] I don't like to repeat in public what I have already told Mr. Minister of Education Ladislav Kovac on the phone. But a public challenge is a public challenge. As a citizen I respect it. It's that Ladislav Kovac lacks certain basic information about the sphere of language science and is wrong in several respects:

1. Written usage (involving any subject, not only the name of one's own country) is a matter of grammatical correctness and on that the experts are language scientists who are moreover also citizens of the country. If Ladislav Kovac denies this right to language scientists he is not basing it on science but rather on something that I don't care to characterize publicly here.

2. When language scientists reacted to the unsettled usage in writing the name of Czecho-Slovakia they were not engaging in politics or interfering with the authority of the Parliament (which does not codify the country's unofficial names but only one, the official name). Rather, they were discharging one of their basic duties as both experts and citizens. Codifying grammatical correctness (including names of countries) has been among the responsibilities of the L. Stur Linguistics Institute of the SAV from its inception and the Institute carries on this activity through its commission on grammatical correctness which includes also members outside of the sphere of linguistics. Our greatest satisfaction was that the explanation issued by the L. Stur Linguistics Institute of the SAV was accepted by all newspapers in Slovakia and that apart from Ladislav Kovac there was only one other negative reaction, from a presumed "Bratislav citizen" who termed it "an expression of separatism of the Hlinka hue" (quoting from an anonymous letter). Thus, it would seem to me, have Slovak citizens resolved this issue with the expert help of Slovak language scientists.

3. In the case of codifying the correct grammatical usage of the name Czecho-Slovakia the issue was not some sort of scientific truth to be obtained by voting, as Ladislav Kovac writes. Here I discern in Ladislav Kovac's comment a scientifically impermissible oversimplification, just as it is simplistic to assert that the staff of a science institute has involved itself in the name of science in expounding on something that does not belong to science. From way back, grammatical correctness has always been within the sphere of language science.

Tomasek's Role in Political, Social Renewal Explained

90CH0163A Zurich DIE WELTWOCHEN in German
26 Apr 90 p 9

[Article by Inge Santner: "Tomasek's Fulfilled Mission"]

[Text] On his 90th birthday Frantisek Cardinal Tomasek, archbishop of Prague, had to do without the papal fraternal kiss. On that day, 30 June 1989, the communists still sat firmly in the CSSR saddle. President Gustav Husak denied entry to the Holy Father. So only a congratulatory letter arrived from Rome in which

John Paul II honored the "untiring fighter for the rights of the Church and the citizens" and expressed his great regret that he had been denied to "personally embrace our brother Tomasek in his cathedral."

Last weekend however, a scant 10 months later, the missed encounter was made up for twice as warmly. Pope Wojtyla and Cardinal Tomasek—both of Slavic descent, [both] white-haired hierarchs of catholicism finally freed from the communist party yoke—embraced each other Saturday noon at the Prague-Ruzyně airport. Together they observed the honor guard's march, together they moved into St. Vitus Cathedral on the Hradcany, side by side they sat in front of the high altar.

The 34-hour papal visit to Prague, Velehrad, and Bratislava—incidentally, the first journey of the well-known globetrotting pontiff to a former East Bloc country outside of his Polish homeland—was for the old Tomasek the late climax, and even more: the fulfillment of his long life of priesthood. Whatever happened, he was sufficiently tough to hold out and sufficiently stubborn to hope against all reason in order to triumph in the end. Now his mission is fulfilled. The heart that has needed a pacemaker for many years is allowed to gradually tire.

The now 91-year-old church primate is often compared to his pugnacious colleagues, Stefan Wyszyński and József Mindszenty. But he was never as sovereign as the primate of Poland, never as uncompromising as the Hungarian. It was not pride and obstinacy that enabled him to withstand communist pressure. His persistence stemmed from a spirituality whose ideal demands both renunciation of self-pity and a claim to the limelight.

The cardinal's broad, friendly peasant face suits almost fallaciously well the stereotype of his Moravian countrymen. They are said to be peace-loving and soft, these predominantly rural inhabitants of the central part of Czechoslovakia, conservative and easygoing, full of joy of life and canny. In actuality, the primate rather embodies the strength of the petit-bourgeois climber. From his father, a teacher in the north Moravian town of Studenka who died young, he inherited his passion for studying. Young Tomasek did not want to interrupt his reading even during school trips on the Velo. Obsessed with reading, he clutched the steering wheel with his right hand only, while the left held a book at eye level.

Tomasek probably indulged only rarely in the alleged love of Moravians for sociability and hospitable drinking moods. The circumstances were not right. The constant contact with anticlerical rulers, which he learned from the bottom up, forced him into solitude.

When Tomasek was ordained a priest in 1922 and taught religion in Olmütz, the Catholic church was gravely compromised in the eyes of nationalist Bohemians. The earlier kowtowing to the Vienna imperial house, the historic relations to the aristocracy of the just ruined Austrian monarchy, hurt its reputation. "We have squared accounts with Habsburg, we will also settle

accounts with Rome," threatened Thomas Garrigue Masaryk, the radical-liberal president of the new republic. Some 1,600,000 Catholics, among them 300 priests, left their church. The future seemed to belong to the newly-founded, anti-Rome, national church. Catholic catechists automatically became outsiders in society.

Then, in 1938, when Tomasek received his doctorate and taught at the Olmütz Theological Faculty, the Nazis were standing at the door. Hitler first seized the border areas of the CSSR, and soon after occupied the rest of the country. Universities were closed, church associations prohibited. Resisting clergy—such as the subsequent archbishop of Prague, Josef Beran—disappeared behind prison walls. Tomasek had to be glad to [be able to] disappear, again as a simple teacher of religion. On the side he had his first experiences in conspiratorial activity by vigorously helping to organize underground education for students preparing for the priesthood.

And in 1947, the year of his 25th anniversary as a priest, when Tomasek held a professorship at the reopened Theological Faculty in Olmütz, the communists seized total power. Even determined optimists correctly anticipated evil times.

The period of suffering for the Catholic church, to which almost 80 percent of the 15 million Czechs, Moravians, and Slovaks adhere nominally, was to last almost 40 years in the CSSR. Nowhere else in communist Europe has state power clung quite so rigidly to the church policy conceived by Stalin and raged quite so brutally against the "Roman vassals."

The destruction of religious orders was the prelude to repression. During the night of 14 April 1950, heavily armed troops of soldiers raided all 258 monasteries. The 2,100 monks were only told that they had "acted against the interests of the republic." They were crammed into enclosed trucks and buses with carefully taped-over windows. Off they went to labor camps.

The 720 convents with approximately 10,400 nuns were also liquidated, schools run by religious orders were dissolved, church property confiscated, and all but two seminaries for training priests were closed. Priests faithful to Rome who refused to cooperate with the "peace priest movement" close to the state, were threatened with arrest. At the beginning of the 1950's, all bishops sat in jail, including cardinal Beran.

Frantisek Tomasek was no exception. Secretly elected bishop in 1949, he toiled for almost three years, from July 1951 to May 1954, in a labor camp as a tractor driver. Subsequently he disappeared for an entire decade in the tiny village parish of Moravská Huzová.

Why did the state office for church affairs, after some back and forth, authorize Tomasek's appointment in 1965 as apostolic administrator of the orphaned Prague archdiocese? Probably because it considered the modest village priest particularly harmless and tractable. And besides, he was already 66 years old.

Tomasek, who also functioned as spokesman of the Catholic clergy, took up his office during a very difficult phase. With the exception of the few short months of the 1968 Prague Spring, he was faced with a communist party leadership doggedly hard-line, which was about to deal the ultimate blow to its ideological opponent [the church]. It succeeded in largely destroying the church apparatus. Ten of the total of 13 bishops' sees remained unoccupied for long periods of time. Three, often four, parishes shared one single priest.

But pressure creates counterpressure, intolerability the courage of faith. The more rigid the church office operated, the crazier the state police acted, the closer the remnants of the church adherents moved together.

Gradually, a self-assured religious community grew out of the underground which shook off its fear, gained respect, and attracted erstwhile atheistic youths in droves. People by the hundreds of thousands participated in pilgrimages.

Perhaps to his own surprise, the lonely resister in the Hradcany church palace gained visibly in oppositional importance and made use of it. In 1978 he wrested from the Prague government his enthronement as archbishop. In 1982 he bravely took up the battle against "Pacem in terris," a priests' movement beholden to the state to which an estimated 35 percent of the clergy belonged at that time. In 1984 he wrote a letter of invitation to the pope without permission of the church office ("Surely a cardinal still has the right to invite the Holy Father to a church province.") In 1988 he declared his solidarity with the sensational citizens' rights initiative "31 Points," which demanded complete religious freedom and was signed by 600,000 of the faithful.

Thus this late starter's form in old age was not bad at all. The cardinal freely granted interviews, whereby he demonstratively turned up the radio in order to neutralize the listening devices installed everywhere in the palace. In front of foreign visitors he derived great pleasure out of stepping up to the window and waving cheerfully to the secret police photographers stationed across from the archepiscopal palace.

Since last fall, Tomasek can even flatter himself to have been one of the decisive factors of the "gentle revolution." During the critical days in November 1989, when the battle between the communist power and the people was on the razor's edge, he fully and completely backed the protest movement. He also demanded the same of his priests. "In such an important hour of history, no one must stand aside. Raise your voices!" he called out to them.

Thanks to his fearlessness, the church of Rome enjoys general recognition in today's Czechoslovakia. It is considered the undeniable moral authority. The rejoicing over Pope John Paul II unified not only church followers per se, but also the majority of the nation, leftist parties excepted, naturally.

Frantisek Cardinal Tomasek sees himself at the head of a free church which is no longer obstructed. For the first time since 1950, all dioceses have their own bishops. Members of religious orders—up to now truck drivers, window cleaners and furnace men—are beginning to reassemble in their old monasteries, shut-down seminaries for priests are reopening and are experiencing an enormous crush.

True, the strength that came from the underground is working on smashed structures. Throughout the country there is a lack of priests. Two generations of school children grew up without religious instruction and have no idea who the dead man on the cross is, depicted in church paintings. In traditional Slovakia, not quite 80 percent of the populace consider themselves Christians, only 60 percent do so in Moravia, and in atheist Bohemia only a scant 25 percent.

"We are a weak, atomized church in a sick society," formulates the cardinal's press spokesman, Vladimir Rudolf, and rightfully so.

His chief confirms the diagnosis. But this does not discourage him. As before, he bravely holds on to his confidence, now more so than ever. "Even the good Lord started out with a small group," he consoles the younger ones, among whom he soon wants to find a successor.

Slovak Writers Organizations Unite

*90CH0162A Bratislava SMENA in Slovak 22 May 90
pp 6-7*

[Report signed by the Club of Independent Writers, Community of Slovakia's Writers, Slovak PEN Club Center, and the Association of Hungarian Writers in the CSFR: "Founding the Association of Organizations of Slovakia's Writers"]

[Text] The following writers organizations—Club of Independent Writers (KNS); Community of Slovakia's Writers (OSS); Slovak PEN Club Center (SC PEN); and the Association of Hungarian Writers in the CSFR (SMS)—have decided to found a voluntary association of autonomous, independent, and coequal writers organizations with the name Association of Organizations of Slovakia's Writers (ZOSS). While respecting the autonomy of each organization the Association will in all areas of its activity assert the principle of the integral interests of Slovak literature and the literatures of nationalities living in Slovakia.

We emphasize that ZOSS arises from the energy and will of the membership bases of the aforementioned writers organizations. The founding organizations feel the need for an umbrella organization which would respect the diversity of the writers community while at the same time giving expression to its structural entirety. The birth of ZOSS follows naturally from the development of events of the last six months. The ZSS [Slovak Writers Union] extraordinary congress held on 7 Dec 89 demonstrated the untenability of the old monolithic structures

in literary life. The rise of new associations of writers was natural and inevitable. Yet underneath this growing process of differentiation there arose the interest in a common platform of coequal writers organizations. Also, one should not overlook the stimulus imparted by the reading public which voiced its concern over the excessive splintering of the writers community and the literary life. A sensible goal motivating the foundation of ZOSS was the need for an integral coordination of the relations between the writers organizations and the state administration, as well as the state administration's interest in dealing with a partner with settled internal relationships. A role was played also by the need for productive contacts with the Writers Community of Bohemia and Moravia [Obec spisovatelů Čech a Moravy] and writers organizations abroad.

The birth of ZOSS was preceded by more than three months of discussion among delegates from the various writers organizations. The first meeting was held on 9 Feb 90. Participating in the meetings were representatives of five organizations: KNS, OSS, SSS [Society of Slovak Writers], SC PEN, and SMS. All participating delegations repeatedly expressed their desire to create an umbrella organization of all writers groups. They did so in their joint statement of 8 Mar 90 (LITERARNY TYZDENNIK, 16 Mar 90) and in further declaration on 21 Mar 90 (LITERARNY TYZDENNIK, 30 Mar 90). They agreed to draft the ZOSS by-laws so the ZOSS can come into being on 1 May 90. A coordinating group prepared a draft of the by-laws and discussed it on 29 Mar 90.

On 2 Apr 90 the presidium of the Society of Slovak Writers [Spolok slovenských spisovateľov] adopted a position on the founding of ZOSS and its draft by-laws. The statement suggested that the way of founding ZOSS (previously ASS) "as proposed by the coordinating group is not acceptable to the SSS, for the following reasons: 1) It is in conflict with the democratizing endeavor of our entire society because it envisions the formation of a decisionmaking executive body by the behind-the-scenes method of a "round table;" 2) it assumes a change in the SSS by-laws, a matter which can be decided solely by the Society's general membership meeting; 3) it is inadmissible and impossible from a legal point of view as well." (LITERARNY TYZDENNIK, 13 Apr 90.) A discussion of the SSS board of representatives on 2 May 90 (LITERARNY TYZDENNIK, 11 May 90) failed to bring up any new matters of substance in regard to the SSS attitude to the founding of ZOSS.

It is the view of KNS, OSS, SC PEN and SMS that the founding of ZOSS based on deliberations by duly empowered delegates of writer organizations at a round table is possible, legitimate, as well as democratic. The legitimacy and democratic character of such an act is given by the will of the memberships of the individual organizations which endorsed their participation in the newly founded ZOSS. It is the hope of KNS, OSS, SC PEN and SMS that there is no insurmountable obstacle

in the case of SSS and that the SSS board of representatives will find a way to harmonize its by-laws with the desire to join ZOSS as its coequal member.

The purpose in founding ZOSS is not to return the writers community to a state of monolithic unity as in the past. The notion of a unity congress of all writers would amount precisely to such a return. We have in mind not a unification but association of the individual organizations. Each of them, as we have already emphasized, joins ZOSS by the will and decision of its own membership. ZOSS is an open association, ready to welcome other newly emerging writers organizations. We are aiming at a kind of association which on the basis of freely established links will assure equality and democratic development of all writers groups, represent their interests vis-a-vis the state administration and coordinate cultural and literary activities exceeding the limits and possibilities of individual organizations both within the country and abroad.

GERMAN DEMOCRATIC REPUBLIC

Problems Dealing With Stasi Files Noted

90GE0135B Frankfurt/Main FRANKFURTER
RUNDSCHAU in German 10 May 90 p 6

[Article by Karl-Heinz Krumm: "Struggle Against One's Own Ignorance"]

[Text] The innocent citizens of Rostock spent five months on the hated Stasi, at first more or less hopelessly checking into the intelligence operations. At the end of that time, Gerhard Rogge, a Rostock engineer, ironically notes that "it was probably just as well that we were totally ignorant at the outset; otherwise not a single one of us would have stayed here." In any event, he is still there working inside the huge complex of the former Stasi district headquarters which was at length turned over "voluntarily" to a delegation consisting of six civil rights activists, Vopos and military prosecutors on 5 December 1989 following a siege lasting several hours.

Although the demands of the enraged citizenry were met in the course of that tempestuous night, i.e., confiscation of all Stasi files, disbanding the office and appointment of an independent investigating committee, Rogge says that people still live in great fear of Stasi. Many citizens are still vainly trying to find who kept book on whom when. But the Modrow order of 18 February to keep the files under lock and key is still in effect. For another thing, nobody really knows where the 4,000 or so former Stasi employees in the Rostock district alone have disappeared to. Some of them, it is said, are now working as waiters at the posh Neptune Hotel in Warnemuende where they can readily be spotted by the number of dishes they regularly break. Two dozen additional Stasi types have caused the downfall of the head of Rostock's board of education who secretly got them jobs as teachers.

A semblance of peace and normalcy long since prevails inside the Stasi complex. The district court and the notary's office have moved in. The carefully sorted Stasi files are kept in sealed bags in a heavily guarded archive and on 8 May the investigating committee was transformed into an eight-member "working group for the dissolution of the former Office for National Security" whose regular office hours are "Monday to Friday from 0900-1600."

Back then, on 5 December, the situation was radically different. Neither the six chosen citizens, nor the "new security partners," i.e., the Vopos, nor the prosecuting attorneys had the faintest idea of how Stasi was organized or how it worked. The Rostock headquarters, built in the fifties and enlarged around 1970, measured 180 by 100 meters for a total area of 18,000 square meters.

During that first night the small group of perplexed civil rights activists started out by "blindly" sealing all the files for fear that Stasi might still secretly make important documents disappear. They even shut down the kitchen in which the soup pots were still on the fire until they realized that there were 30 prisoners locked up inside the building without a bite to eat. "Several times we even locked ourselves in," Rogge recalls, "because we were literally going around in circles."

Overcome by the magnitude of the job they had taken on, the small group established an investigating committee on the very next day whose membership ultimately grew to include 30 persons. The Rostock committee was the only one which did not allow anyone to join who had been a member of a political party either during the SED [Socialist Unity Party of Germany] era or the peaceful revolution.

Stasi activities came to a virtual standstill on that very first day. The "occupiers" shut down the internal Stasi communications network and sent the 2,000 or so employees of the Rostock district office home. This action immediately created new problems. In order to dismiss them all properly and to turn over their personal belongings such as ID's and checkbooks to them, the committee set up a controllable building pass system to begin with. "The struggle against our own ignorance had begun."

Over the next two weeks the committee, broken down into small groups, emptied the building "room by room," Rogge says, and in the process divided up the secret documents ("huge piles of papers") into three categories. All documents referring to individuals were packed into bags and sealed. The Rostock district has a population of one million. Around 400,000 of them were under Stasi surveillance.

Many internal Stasi documents were also stored and secured in a similar manner. These will be used at some later date to provide a detailed picture of the type, scope and methods of mass surveillance. The new comptrollers

destroyed all nonrelevant material which "did not need to be filed," e.g., mountains of blank forms and party handouts.

Ernst Beyer, who lost his post as head of Rostock University computer center in 1985 for refusing to join the SED and to give up his contacts to the West, is among those citizens who have been dealing with the Stasi legacy over the past several months. Beyer says he agreed to work for the committee "because I simply wanted to know more about what happened under the SED regime."

To be sure, Beyer's principal job was not to sort and secure the Stasi files. He and his team dealt primarily with Stasi's numerous, mysterious "properties," e.g., listening posts inside factories; apartments in which control officers met with their informants; wiretapping and telephone control installations. Some 120 special circuits with automatic tape recording equipment had been set up in Rostock alone.

Beyer's team found that bugs had been placed under the rugs of 15 rooms of the Warnow Inter-Hotel, and in a kindergarten close to district administration headquarters they discovered a safe vault, which was used by Stasi agents to listen in on their own colleagues—in accordance with the socialist motto: "Trust is all well and good; but control is better."

But the dreaded secret police also engaged in a different set of activities, i.e., informing "senior party and government officials" in hundreds of industrial plants on a regular basis about conditions in industry and agriculture, about wrongdoing by officials and about public opinion generally. It was an altogether faithful image of GDR society of which the SED hierarchy took less and less notice over the years, according to former Stasi officers.

In the course of their painstaking investigation the members of the committee also uncovered the internal structure of the SED with its 26 departments, ranging from counterintelligence to "security of state institutions and installations," to technology whose job it was to install "bugs" in offices, workplaces and hotel rooms. They found that all persons under Stasi scrutiny—both perpetrators and victims of crimes—were assigned a file number of their own to be used for locating additional data in the different files and documents. "We had a lot to learn," Rogge says. Soon, however, former Stasi agents came forward to offer help in this fast course on Stasi activities.

The secret data concerning the Stasi employees popularly referred to as informants but termed "patriots" in the Stasi jargon and internally labelled IM's or unofficial staff were of particular interest during the course of the cleanup operation. The citizen comptrollers unearthed some 8,000 IM files in the Rostock Stasi office alone—among them (quite by accident, it is said) revealing information about Wolfgang Schnur, the lawyer and former chairman of Democratic Renewal.

This explosive material with its potential for upsetting the inner stability of the GDR had also been packed, sealed and safely stored away by Rogge and his friends. There were two reasons why they did not look closely at Schnur's file—one was lack of time and the other, Rogge admits, was "fear of possible of personally damaging revelations."

The experiences of the Rostock investigators have shown that the informant files contain a great many revelations. Each of the voluminous IM files consists of three parts. The personnel file contains the new informant's curriculum vitae as well as information on his habits and weaknesses, his travels and his friends. It also notes when and how he was recruited and how his reliability was tested. The file also contains a "pledge statement" by the IM. "It is quite easy to tell from these documents whether someone was forced to work for Stasi or whether he signed on voluntarily," Rogge says. According to the newly cooperative former Stasi agents, however, very few individuals were actually forced to act as informants. IM's of this type, they say, tended to be either too eager or somewhat unreliable. Rogge agrees indirectly by pointing out that the informants' reports corresponded to reality as a rule, i.e., that they were "truthful" and by no means "mere inventions."

The second part of each IM file contains the "meeting reports," i.e., reports prepared by the informant himself or by his control officer. These reports not only dealt with individuals but could also contain information on conditions inside an industrial plant. The third part of the file proves that in addition to everything else Stasi was a well organized, thoroughly German bureaucracy. This third part contains a complete list of the compensation received by the IM for providing information—commendations, allowances, and cash payments. "Every single mark is accounted for in writing," Rogge says.

Rostock's Stasi comptrollers discovered a great deal of evidence for this flight from reality as well. In September 1989 as in any other month, for instance, the 12 Stasi offices in the rural areas, in the port of Rostock and the Greifswald nuclear plant prepared a total of 413 such "situation reports" which the district office pulled together in one document for presentation to the first secretary of the SED for the district. That same report, of course, was also sent to headquarters in Berlin.

But the SED leadership hardly ever acted on any of these reports. This may well be due to the fact that while Stasi did present objectively faithful accounts of the situation it did not look into the underlying causes. It was not up to the secret police to cast doubt on the party and its functionaries and there was a taboo on analyzing political weaknesses. As long ago as 1981, for example, the then Rostock SED secretary Timm sent a secret Stasi report back with numerous handwritten comments such as "wrong" or "this cannot be right" and with a request for a careful reexamination of the facts.

The Stasi files confiscated in Rostock (and elsewhere), Rogge says, are needed for use in rehabilitation proceedings requested by numerous citizens. Such requests are coming in every day. Rogge cites one of these by a Dresden scientist who spent 18 months in jail after colleagues denounced him to Stasi as opposing the construction of the Berlin Wall.

So far there is absolutely no way of telling when and how these innocent victims of the SED and Stasi regime can actually be rehabilitated and what is to happen to those who made them suffer. The government decision of last February to keep the files under lock and key still stands. "We swore to each other that all legal formalities would be observed," says the young Rostock prosecutor Anger. That is why the background checks of the candidates for the communal election were not conducted although all the political parties were in favor of it. But what about the numerous former Stasi informants, the IM's, who caused all the harm and grief for an indeterminate number of citizens?

Anger merely shrugs her shoulders. Under GDR law, it is no crime to provide information to Stasi. Thus far, the investigations have not uncovered any evidence of improper interrogation methods—which would be punishable by law. She justifies sealing the old Stasi files by pointing out rather surprisingly that "we must protect data confidentiality."

Does this mean that the Stasi legacy is a story without an end although the Rostock comptrollers at least have found no evidence that the files on certain individuals have been destroyed? Rogge does not know either how this terrible aspect of the GDR's past might be resolved. "Rapid unification will make dealing with these problems more difficult," he says.

Looking back on the difficult journey of the initially ignoring through the unfamiliar and ugly Stasi thickets, Rogge has the following rather wry comment to make: "When we are all done here, we will know what mistakes we have made." And when we get around to liquidating the BND [the West German Federal Intelligence Service] in Pullach, he adds with a smile, "we will do a better job of it."

Sorb Minority Problems Detailed

90GE0135A Hamburg DER SPIEGEL in German
28 May 90 pp 88-96

[Article by Hans-Joachim Schoeps: "'Covered With Red Gravy'"]

[Text] This ethnic group does not consider black the color of mourning. If one of them has to die, their mythology says, the white goddess of death appears to him and kisses him. Then he is buried underneath a white cross.

Their language, observed German 19th century scholar Curt von Bose, has a "mellow sound" to it akin to the

"softness of Italian"—although they have absolutely nothing to do with the Romans.

They have no knowledge of the state, nor do they have a military of their own which is why they borrowed the word "Leutnant" [lieutenant] from the German language and use it in conversation. Still, they are demanding their "inalienable right" to develop their "national identity" and to protect their flag.

Historian Hartmut Zwahr says it is "one of the miracles of modern history" that these people have been able to survive to this day and to preserve both their language and their cultural heritage. Even more miraculously, they live right in the heart of Germany. The Sorb people is one of the peculiarities which the GDR has contributed to the unified fatherland—60,000 people of the Slavic genotype in Lower and Upper Lusatia between the Spreewald and the city of Bautzen where they have been living for more than 1,000 years. The changes in the East have awakened them and now they have started a small revolution of their own.

Unlike the Danes on the fringes of the FRG, the Sorbs are an ethnic minority without a motherland. Now, at long last, says one of their leaders, the Protestant clergyman Jan Malink, they want to "have their say on the nationalities issue and no longer be discriminated against by the Germans" who do not even call them by their rightful name but refer to them as "Wends."

To be sure, they would deserve to break out of the constraints imposed upon them by the Germans and ultimately by the SED [Socialist Unity Party of Germany]. But it would lead to all-German complications just the same. It will cost some money and, what is worse, administrative rethinking. And beyond that it could create quite a stir. Just recently there were graffiti on the walls of the Lusatian town of Hoyerswerda which read: "Jews and Sorbs—get out!"

It could be that the Sorbs will add the kind of sensitive region to the FRG that has caused embarrassment for other European nations, e.g., the Basques for Spain, or the Tyroleans for Italy. "In the rest of Europe and particularly in the Slavic regions people are going to watch carefully to see what the Germans do with this tiny people," says Jurij Koch, a Sorb writer.

At any rate, it would then be the first time that the authorities genuinely cared about the fate of these survivors. Until now they have always been suppressed by history which confronted them in Teutonic guise for the most part. "This people has been the subject of scorn under the pressure of German domination," wrote Saxon scholar Johann Ephraim Witschel in 1785. "And yet they were once masters of vast holdings, owners of the most beautiful and bountiful regions to whom we owe the fact that our lands early became a model for other peoples of what a pleasing, fruitful, and blessed region should be."

In the fifth century, the Sorbs settled in the area between the Oder and Saale Rivers, the Spreewald and the Erz Mountains. They were good farmers but less skilled in extending their power. The more aggressive Germans made life difficult for these Slavic farmers from early times onward. In the Middle Ages, the German knights made mincemeat of them and at times both the Bohemians and Austrians preyed on Sorb possessions.

For more than 1,000 years the Sorbs were subjected to an oppressive process of assimilation and Germanization and yet retained their identity. One historian called their songs "peculiarly poetic" and their melodies "naturally graceful, melancholy, and plaintive" which they often enough had reason to be. In the realm of fairy tales and legends the Sorbian characters stood their ground against the Grimm tales just as tenaciously as their creators, e.g., the crafty water sprite in the woodland pond or fabulous witches who sit in their huts pulling on strings to milk their neighbors' cows.

Even today it is not Santa Claus who makes his appearance during the advent season but a so-called gift child: a young girl in traditional Sorbian dress whose face is covered by a lace veil. On 25 January the so-called birds wedding is celebrated, a popular feast for young people and at Easter the men mount their horses and ride through the villages.

The ethnologists always attested great thriftiness to the Sorbs. One of them wrote in the last century that "the frugality of the Wends even exceeds that of the inhabitants of the Erz Mountain region." They were also said to be a proud people who are "particularly averse to harsh treatment. If one speaks gruffly to them, they turn surly and strike back." They were not even willing to bow before their "noble landlords" and "their behavior was such that they displayed no sign of obsequious subservience."

But all of this did not help the Sorbs attain political and social independence over the centuries. The others were always stronger and they were always unfree and as time went by they were increasingly relegated to the status of second-class citizens.

Their language appears to have helped them to preserve their national identity over the years. While the dialects of Slavic tribes kept dying out here, there, and everywhere, the language of the Sorbs survived, as Johann Gottlieb Fichte respectfully noted in his Addresses to the German Nation. That language "is still alive," he said, "in the lowly huts of the serfs chained to the soil so that they can bewail their fate without their oppressors being able to understand them."

The Sorbs' cultural identity was severely tested in the 19th century when Lusatia was divided up among two German states—the Cottbus Bezirk of Lower Lusatia going to Brandenburg and the Bautzen Bezirk of Upper Lusatia going to Saxony. After that the Sorbs had to live under two entirely different rulers—the more tolerant one in Dresden where the bad life was worthless and the

strict ruler in Potsdam who would brook no opposition and showed no understanding for his set of Wends.

And hardly 50 years later the Sorbs—still further eroded by a purely German educational system, mixed marriages and industrialization—experienced a new dimension of discrimination. The master race emerged and the All-German Association, the vanguard of all the "voelkisch" nonsense, vented its spleen on the Slavic Wends among others.

The Nazis subsequently did their thing: Domowina or Homeland, an association of all Sorbian organizations founded in 1912, was dissolved and all cultural activities as well as the use of the Sorbian language were banned. Heinrich Himmler dubbed the Sorbs a "leaderless working population" and Sorbian patriots were sent to the concentration camps.

What remained was a rest of European history: the smallest Slavic people dispersed throughout Lusatia, close together only in the Bautzen-Kamnez-Hoyerswerda triangle and in a handful of ethnic enclaves around Cottbus. And then came the SED.

In 1947, some Sorbian leaders vainly tried to get the Soviets to grant political autonomy to them—which would most certainly have run into opposition on the part of the Germans in the area. Instead, the SED began to look after the hapless fraternal Slavic people. It turned out to be an embrace which left the Sorbs with little air to breathe.

The new comrades, most of whom had no desire of becoming comrades, received assistance, to be sure. The SED regime established Sorbian 10-grade schools as well as secondary schools which taught classes in the Sorbian language for the most part; but that educational system was soon curtailed. All town and street signs henceforth had to be in both languages—German and Sorbian.

But this kindness had to be paid for in the coin of the realm, i.e. by strict compliance with the regime's wishes and orders. The head of the new Domowina had to be a Sorb member of the SED. A large headquarters for the association was built in Bautzen but no provisions were made to meet the ethnic group's special concerns. It goes without saying that the many institutions created on the Sorbs' behalf as well as the writers and the folk theater, the filmmakers and the musicians' organization all had to dance to the Politburo's tune.

It seems as though the Sorbian SED officials were never really trusted, the more so since the majority of Sorbs were practicing Christians—most of them Protestants and the remainder, particularly those in Upper Lusatia, Catholics. Stasi, at any rate, established a separate department to look into the activities of these Slavic brethren with branch offices in Cottbus and Bautzen.

What passed for Sorbian cultural policy was degraded to the level of folkloristic hoopla, especially well suited to point up international brotherhood in the workers and

peasant state. Every four years a state-financed Sorbian festival was held—attended by special guest Hans Modrow of the Dresden district SED leadership—the social message of which was no more substantive than that of the Cologne carnival.

And whenever NEUES DEUTSCHLAND got down to carrying stories on Sorbian matters, the reports would be limited to "the colorful costumes, white bonnets and embroidered ribbons." "We must get away from the image of a minority that constantly wears traditional costumes and paints easter eggs," said Detlev Kobela, the musical director of the state ensemble for Sorbian folk culture.

Sorbian experiences dating back to feudal times were revived under their socialist overlords. Anyone wanting to get ahead and make something of himself had to toe the line and, what is more, speak German. "The SED almost nurtured us to death," says Erika Jahn, a teacher and Sorbian activist from Lower Lusatia.

GDR political and economic policies also had a major impact on Sorbian life. Collectivization of agriculture once again diminished the Sorbs' social standing and caused the destruction of village communities. The Sorbs also lost huge tracts of land—several hundred thousand square meters year after year—to brown coal strip mining operations. Some 60 villages disappeared in the name of progress and to provide more energy. In their place they now have a grimy community down there which is called Schwarze Pumpe [Black Pump] and that is exactly what it looks like.

As everywhere else in the GDR the churches provided refuge from the omnipresent regime. The Catholics in the south offered especially strong resistance. There are some communities, north of Bautzen, where the Sorbs make up as much as 90 percent of the population. The head of the local school who had to join the SED at the behest of the government would go to Mass on Sunday, says Msgr. Martin Wicz, the priest and Sorbian spokesman in the small village of Ralbitz. "That could only happen among the Sorbs," he adds.

When the crucifixes were taken out of all Sorbian classrooms and portraits of Walter Ulbricht, the head of government, took their place, the parents refused to send their children to school until the crucifixes were brought back.

The members of the clergy have joined the activists in trying to give a new direction to Sorbian identity in the aftermath of the upheaval in East Germany. "Everything was covered with red gravy," Pastor Malink recalls. "Officially, we had these Sorbian folklore festivals but on the street we were told not to use the Sorbian language."

Along with others who were sick and tired of the red gravy, Malink founded the "Sorbian People's Assembly," a "somewhat loose grouping organized along grass roots democratic lines" made up of members of clergy as

well as atheists. Their goals were clear: they not only wanted to improve the positions of the Sorbs above and beyond traditional values but also to give a new direction to Domowina with its 15,000 members. For a start, however, they got the Germans mad.

It was rumored about that the rebels wished to establish a "Land Lausitz" [Lusatia] as rapidly as possible—a new political entity inside which the Sorbs could at long last develop fully. "That caused tremendous excitement," Malink says, "and immediately had the Germans up in arms."

"The Germans want Germany and cannot understand that the Sorbs want Lusatia," writer Benedikt Dyrlich observed. Still, the people's assembly faced the realities and made it known to one and all that it had just been an idea.

At the Domowina congress in March which elected a leadership, opposition candidate Jan Malink lost by a narrow margin to Bjarnat Cyz, an engineer not affiliated with any political party who had been active in the old Domowina organization. Although even the winners were surprised by the outcome, it was quite easy to explain in the end. Cyz apparently received a good many Lower Lusatian votes although these delegates had not really understood his message or his program. Initially, congress business was conducted in the Upper Sorbian language which the Lower Sorbians understand even less than their own idiom by now. It was as if Bavarian delegates had been asked to elect a man who addressed them in the Low German dialect.

The revolution did not fail entirely after all. The Sorbian People's Assembly did manage to elect a strong slate to the executive board and these "are now the activists on the board," Malink says. That is probably right, since the demands they have raised in the meantime seem quite explosive.

As if they meant to do away with 1,000 years of domination this very summer the Sorbians have come up with a kind of all-round insurance program. The de Maiziere government is to accept a "law for the protection and support of the Sorbian people" which guarantees "respect" and "development" of national identity to the minority as well as a "right to protect" its region.

The draft calls on the German state to guarantee "the autonomous administration of Sorbian cultural and educational institutions" and last but not least the blue-red-and-white Sorbian flag as well as the Sorbian anthem "Rjana Luzica" [Beautiful Lusatia] are to be accorded the status of national symbols in the German-Sorbian region.

"At least" two Sorbian delegates are to be given seats in the People's Chamber and probably also in the future all-German parliament even if they do not receive the required number of votes. The draft provides for the establishment of a state secretariat for Sorbian affairs and contains just about everything one might wish for in

the field of politics, culture, and education, including the right to "Sorbian media provided with or supported by the appropriate journalistic, printing, and broadcasting facilities."

Many of the items included in the Sorb catalog sound quite naive—being a nationalistic surplus which accumulated throughout their almost entirely foreign-dominated past. One demand or another for special privileges might in fact turn out to be counterproductive.

After all among the burdens their people have had to contend with are tensions with their neighbors at least since the days when Martin Luther curtly referred to the Wends as rabble. Theodor Fontane [a 19th century German writer] later looked into the German contention that the Sorbs were two-faced and perfidious.

"The accounts of the historians make it easy for us to provide an answer to the question," Fontane wrote. "They are commendably impartial in informing us of the countless examples of trickery by the Germans which the latter thought perfectly justified. By contrast, Sorbian treachery was treachery pure and simple, plain for everyone to see in all its everyday ugliness. The Wends were 'dogs,' without a sense of honor or justice and if they unexpectedly got up on their hind legs and bit their adversaries, they were called perfidious."

Disputes, even hatred, did occur among the various ethnic groups now and again. During the SED era attacks against the Sorbs were punishable by law although this did not necessarily help enhance their standing. The costly festivals which promoted the regime's reputation did not sit well with the ethnic Germans. Domowina, in effect, was viewed as a tool of the unity party. "The Sorbs are still viewed as a kind of SED front," Malink says, "and some people even think that the SED invented the Sorbs."

This misunderstanding as well as the reemerging nationalism in the GDR appear to revive the old animosities. Whenever Paul Tillich, the mayor of small Lower Lusatian village of Panschwitz, makes some statement in the Sorbian language, he is asked to "say it in German, say it in German" and Sorbs walking along the streets of Bautzen and conversing in their own language are told that "German is spoken here."

Malink was not really surprised that "the Germans started sharpening their knives" after the autonomy demands were made public. And to hear Jurij Koch tell it, when a Sorbian actress died recently a friend of his received a letter which said "thank God the Wend witch has died; we hope others like her will follow."

How the Sorbs will make out in the future depends not so much on whether their flag is protected by law or how substantial the subsidies for the print and media facilities will be. The decision will primarily be made in Sorbian living rooms—where their language will continue to live or will die.

The fact that the Sorbian language has survived to this day given the living conditions of this tiny ethnic group surely is one of the miracles of modern history. In the twenties, publicist Maximilian Harden hoped that this language would be protected as "part of our cultural heritage if nothing else." "Why shouldn't the remnants of the Wend nation preserve their language and nurture their peculiar cultural heritage?" he asked. "Germany's rulers, parliaments, and press czars have never given an answer to this question although it was put to them often enough."

Whenever the Sorbs were attacked, it was always their language that came under attack as well. It was first banned by law in 1293 and Fontane reports that only the eulogy was given in Sorbian at a funeral service he attended but the subsequent official church announcements were not. "The state which listens solely with a German ear and has no time to learn the Wend language cut the service short in a utterly businesslike manner."

The Nazis completed the job. Because they were forbidden to do so and in order to protect their children's lives under the Nazi regime Sorbian mothers did not even teach them to speak Sorbian. An entire generation of Sorbs remained silent for all intents and purposes and the one that followed had to learn Sorbian as a foreign language.

The socialist regime did little to protect the Sorbs against Germanization. In the factories, government offices, and the LPGs [Agricultural Producer Cooperatives] everyone had to speak German. And the output of the subsidized Sorbian media—the daily newspaper NOWA DOBA, a weekly and two radio broadcast studios—was just as bland and tiresome as the GDR itself.

To be sure, the Sorbian language does not make life easy for those who speak it. Bose said it was characterized by a "high degree of flexibility" and "a wide variety of expressions." It had archaic features, he noted, and was thus of profound interest to linguists. Harden found Sorbian to be a "medium for learning another Slavic language" although it is difficult to carry on anything like a lively conversation or even to communicate in Sorbian with the neighboring Poles or Czechs.

The large number of Sorbian idioms causes a lot of problems in itself. Lower and Upper Sorbian are rather different and there are linguistic differences in the various settlements as well. But above all it proved impossible to adapt the contesting dialects to the needs of the industrial age.

The Sorbian language was used to communicate everyday information on the farm but technology and social change passed the language by. Though the Sorbs managed to translate the term "threshing machine" into their language, they were unable to translate nuclear power and the appropriate terminology and a new word like "second ballot" which even gives the German-speaking population of the GDR trouble was completely beyond them.

"We must focus on the schools and on education generally," activist Jan Malink says. Which also means that is what public support must focus on. But whether that support will be forthcoming will depend on the priority assigned to the Sorbs in the greater Germany to come.

The Sorbs, says Koch, "must make the future German state understand that it has a historic obligation to them." And Malink adds that "multicultural Europe ought to be pleased about any and all ethnic enclaves." But it is quite conceivable that the German side will not be pleased at all.

Is it going to cost money? Will some members of the cultural bureaucracy have to give up power on account of this language however beautiful it may be; on account of the music which still has that special Slavic sound to it; or on account of the literature and the Sorbian customs, their "village culture which is pretty much superior to any other in the GDR" as Malink puts it.

If living conditions of his people deteriorate even further, says Bjarnat Cyz, he will be forced to call on the Sorbs' Slavic neighbors for help. Erika Jahn, the Sorb teacher, points to the "phenomenon that Germans and Sorbs have lived side by side for centuries and set an example for Europe as a whole." After all, she says, every dispute has always been imposed on the region "from above." Now, however, she has discovered a somewhat special ally.

Jahn simply telephoned the Swedish ambassador in East Berlin because his sovereign Karl Gustaf still holds the title of "ruler of the Wends" as he has since the Middle Ages. The Swedes, unable to deny the fact, reacted in a friendly manner and soon a Sorbian delegation will be going to Sweden.

Sorbian cultural and educational activities are still being subsidized but "no one can tell how much longer they will be," says Cyz. The problem of the destruction of the soil through strip mining is unresolved. Seven villages in the parish of Schleife, all of them with a large Sorbian population, are threatened by bulldozers. Public demonstrations were held but evoked only minimal public response.

The members of Domowina realize that the Sorbs will not get their own country of Lusatia. But they would at least want to attain "cultural autonomy" in terms of having a voice in and opportunity for redress in teacher training. Nor can the 60,000 Sorbs count on enough votes to obtain regular representation in the parliaments. Earlier this month Domowina candidates were allowed for the first time ever to take part in communal elections. The group managed to win only two seats in the kreis assemblies of Cottbus-Land and Hoyerswerda. Nonetheless, the Christian Democrats of the GDR recently put up the first campaign posters in the Sorbian language.

Malink and Cyz, the two Sorb activists, simply do not know what German unification will bring. Questions are being raised about the Republikaner who might stir up

nationalist sentiments in the GDR with their slogans and would surely ferret out the alien Slavic minority. Another cause for worry is that the country will be dominated by consumerism and the desire for rapid advancement at the expense of cultural and—by extension—Sorbian concerns.

Whenever the question of the deeper meaning of Sorbian survival comes up, the Sorbs ask what is so extraordinary about protecting endangered species of plants and animals. In the area around Cottbus where Koch makes his home there are two or three species of bluebirds still in existence but on the endangered list. In an essay the writer makes the following ambiguous statement: "One color less. More greyness. One sound less; one language less. More silence."

HUNGARY

Trade Restrictions on Military Materiel, Services Decreed

90CH0157A Budapest *MAGYAR KOZLONY*
in Hungarian 2 Feb 90 pp 164-165

[Decree No. 21/1990 (II.2.) of the Council of Ministers on the Export and Import of Military Materiel and Services]

[Text] By the authority vested in it by Paragraph 1, Section 29 of Law No. 3/1974 governing foreign trade, the Council of Ministers decrees the following:

1. The importing of military materiel and services (hereinafter referred to as weapons) into the territory of the Hungarian Republic and the exporting of the same from the country will henceforth be permitted only with a specially granted license.

2. The exporting and importing of weapons may be authorized only if the transaction is not contrary to the foreign policy and defense interests of the Hungarian Republic.

3.1. The sale of weapons may not be authorized to any country where basic human rights are violated, or which is engaged in an armed conflict (war) with another country.

3.2. Weapon sales are also not to be authorized to regions (crisis zones) where an outbreak of armed conflict appears imminent.

4. The license to negotiate a contract may only be issued with the consent of a committee comprised of experts appointed by the ministers of interior, defense, foreign trade, and foreign affairs.

The head of the Council of Ministers' Defense Bureau will serve as the chairman of the committee.

5. The license to export weapons may only be issued in cases where the buyer pledges not to resell them to a third party, or if it so intends, to identify the final user

with the understanding that this will be taken into account in granting the license. If the buyer violates this pledge, it cannot be included in any future transactions as a buyer (intermediary).

6. For the committee mentioned in Section 4 to give its consent, all of its members must be in agreement. In case of a debate, the committee will invite the opinion of the Defense and—should it be necessary—the Foreign Affairs Committees of Parliament before rendering its decision. In such instances the committee can decide by a simple majority.

7. The decision concerning the issuing of such licenses is not subject to appeal.

8. The committee must regularly inform the Defense and Foreign Affairs Committees of Parliament about its activities.

9. This decree will enter into force on the day of its promulgation.

Signed, Miklos Nemeth, president of the Council of Ministers

MSZMP Sues MSZP Over Rights to Kadar Papers

250007281 Budapest *MAGYAR HIRLAP* in Hungarian
28 Apr 90 pp 1, 3

[Interview with Dr Sandor Balogh, history professor, chairman of the MSZP Mediation Committee, and director of the MSZP [Hungarian Socialist Party] Party History Museum, by—pogany—; place and date not given: "MSZMP: The Kadar Bequest Is Ours"]

[Text] We asked professor of history Dr. Sandor Balogh, the chairman of the National Mediation Committee of the [Hungarian] Socialist Party [MSZP], to tell us what decision was reached at today's meeting concerning the Kadar documents that disappeared.

[Balogh] The Socialist Party's National Mediation Committee appointed a five-member investigative committee to clarify the fate of the bequeathed Kadar papers; specifically, to find out how those documents could have gotten into unauthorized hands after Janos Kadar's death. In the MSZP National Mediation Committee's view, the matter follows a natural course up to the point that the then executive secretary of the MSZMP [Hungarian Socialist Workers Party], Karoly Grosz, received the papers for safekeeping at Janos Kadar's request, but that course becomes unusual when Grosz subsequently handled the papers as a private individual. Moreover, Karoly Grosz should have deposited the papers rather than forwarding them to unauthorized persons. I can confirm our view that the book entitled "The Documents That Were Not Incinerated" does not appear to be authentic in the eyes of experts, regardless of party affiliation, as long as the list of documents and the

designation of sources is not presented in a veritable manner. The Koltay-Brody pair of authors failed to do so.

[pogany] Who are the five members of the committee?

[Balogh] They are Dr. Janos Simon, a lawyer and municipal council chairman in Madocsa; high school teacher Gyorgy Fabian from Csongrad; Dr. Gyula Nemeti, a legal counsel from Pannonhalma; Gyorgy Stahl, a retired mechanical engineer from Nagykanizsa; and Laszlo Domonkos, a sociologist and an employee of the party, the head of the National Mediation Committee secretariat. We continue to support the idea that the most colorful, most objective analysis should appear regarding the Kadar era, but we delimit ourselves from an unethical approach to ownership and publication which violates privacy rights—here I mean the document concerning Kadar's health condition.

[pogany] And how about the party members who were Hungarian Socialist Workers Party [MSZMP] members but did not transfer to the MSZP—how could they be held accountable if they played a role in the disappearance of the documents?

[Balogh] The mandate of the committee authorized by the MSZP National Mediation Committee extends only to MSZP members. At the same time, we will seek out those who have substantive information concerning the fate of the bequest, irrespective of whether they are members of the MSZP or of the reorganized MSZMP. We will do so for information gathering purposes.

[pogany] Since by now Karoly Grosz is a member of another party, of the MSZMP, are you going to file a civil suit against him, because it is he who as former executive secretary of the MSZMP expropriated the Kadar documents, based on the facts we know thus far.

[Balogh] It is too early to talk about that; we must see the results of the investigation. We are in a difficult situation, because the Party History Institute received only those selected documents from the Kadar bequest which were handed to us at the direction of Grosz. NEPSZABADSAG will present a memorandum concerning this matter.

[pogany] Do you hold yourself responsible for what took place?

[Balogh] No. As director of the Party History Institute I can claim responsibility only for documents that are proven to have been received by me by way of an inventory. I may repeat: We received Janos Kadar's document bequest after it was already selected, but, for example, the minutes of the Central Committee and Political Committee sessions are all here, all the way to 1988. According to instructions pertaining to archives we should still be dealing with the documents of the year 1985....

On 17 April the MSZMP filed suit at the Budapest court against the MSZP, an MSZMP press conference was told yesterday. Although even the party's Central Committee secretary for domestic policy, Laszlo Udvarhelyi, regarded this process as unusual, he said that they had no way out, because the MSZP refused to consider any kind of negotiation.

The odd aspect of the suit in property law is that the petition names the Council of Ministers of the Hungarian Republic as defendant in the second degree. The MSZMP is suing the Council of Ministers for "kicking up legal provisions pertaining to responsible custodianship."

Quite naturally, the greatest debate of recent days, the issue of the Kadar documents, was also discussed. Udvarhelyi expressed his amazement over the fact that the MSZP claims ownership of the entire Kadar bequest. He said that the entire bequest of Janos Kadar, including all political and moral (and thus all financial) documents, belong solely to the MSZMP, in addition to the Hungarian people. Dr. Peter Bognar, chairman of the party's college of lawyers, stressed that the MSZMP demands the return of the entire Kadar documentary material.

In the end it was said that they did not argue with the MSZP membership, but with the leadership of the MSZP, and that they regarded the party as a potential ally. They expressed hope of establishing closer relations with the left wing of the MSZP.

New Independent Regional Weekly To Cease Publication

*90CH0150A Kaposvar SOMOGYORSZAG
in Hungarian 15 Mar 90 p 1*

[Editorial: "SOMOGYORSZAG Is Saying Good-Bye"]

[Text] We are saying good-bye. A year ago, on 15 March, we greeted our neighbors, the people of "Somogy country," with a new independent weekly. Now we are saying good-bye on the pages of the same publication. It is over: SOMOGYORSZAG will no longer be published in its present form.

A year ago we were certain of our task: It was to break the [Communist] Party's monopoly over information in this county. At the time, our thoughts had no difficulty guiding our fingers to the typewriter's keys. But how should we fit together letters, words and thoughts now?

We did not fail, because ten thousand persons bought, and thus at least thirty or thirty-five thousand persons read, our paper each week. However, we failed because SOMOGYORSZAG could not remain alive as an economic endeavor. The absurd situation arose in which

nearly everyone profited from their association with the paper, except its founders and those who made it work.

We thought a great deal about whether we should reveal in detail to our readers what factors led to this impossible situation; which of these have been our own fault, which can be attributed to the murky entity referred to as the Hungarian economy, and who are those who used various means to eliminate us from the beginning. In the end, we have decided to remain silent about our shortcomings: May we be forgiven if we do not tell the whole world which pebbles of our good intentions paved the way to our own hell. Nor can we say anything about that certain economic situation. As for our enemies: It would not be gentlemanly to throw down the gauntlet to them now that we could not provide a forum for them on our own pages. Let them celebrate their victory among themselves!

We have also debated whether we should list, remaining within the limits of good taste, our actions we feel have contributed to the public good. In the end, we felt that we could not do this without trespassing those limits: Even the most cursory listing would constitute the sin of self-glorification.

We will have to be judged by those tens of thousands of readers whom we were privileged to serve. As long as the publication operated, we received encouragement from them, and if we were soldiers, we would now respond to this by coming to attention, clicking our heels together, and saluting: "We have done nothing but our duty!"

Members of the editorial staff, with the exception of the editor in chief, will stay together as long as they see the smallest chance of starting anew. We have not drifted away in various directions, and have not tried elsewhere to make our fortunes separately. With this, we have already said that we would like to greet our neighbors once again, as soon as possible, here in "Somogy country."

Perhaps we will succeed. After all, in spite of all uncertainties, we are certain of one thing: There must be a newspaper, a newspaper cannot perish!

The Editorial Staff

Two Old Regime Holdovers To Be Appointed to Interior Ministry

25000735B Budapest NEPSZABADSAG in Hungarian
17 May 90 p 6

[Text] Balazs Horvath, Hungarian Democratic Forum representative and prospective minister of the interior, held a meeting with the present leaders of the ministry on Wednesday morning. According to MTI's [Hungarian Telegraph Agency] information, Smallholders Party leader Istvan Borocz will be appointed as political state secretary in the Interior Ministry. Imre Verebelyi, the ministry's incumbent deputy minister for government administration, is expected to be appointed as the

administrative state secretary. A civilian in the person of Gyoza Szabo will be appointed to head the National Police Command. At present Szabo is president of the Vas County Court. His specialty is crime prevention and the prosecution of criminals. He is also a member of the Hungarian Criminology Society. Police Major General Andras Turos is expected to serve as his professional deputy. He is the national police chief at present.

POLAND

Norway Looks Favorably on Increasingly Close Ties to Poland

90EP0608A Oslo AFTENPOSTEN in Norwegian
2 Jun 90 p 5

[Article by Kai Ove Evensen: "Poland: Norway's Favorite in the East"—first paragraph is AFTENPOSTEN introduction]

[Text] When Prime Minister Jan P. Syse sets out on his first official visit to East Europe tomorrow, it is no accident that Poland is the country chosen. For Poland has emerged as Norway's favorite in East Europe.

We intend to foster an especially good association with that country and invest in an extra good friendship. It is better to have a good and close friend than just many good friends, Norwegian authorities believe. They have gone through the list of East European countries and stopped at the country nearest the Baltic Sea.

And precisely the Baltic Sea and the pollution there are part of the reason that Norway will treat Poland with special care. A Baltic conference at which the most important catchwords are environment and conservation will be held in the autumn. The health of the Baltic Sea also affects the waters around Norway. Except for the Soviet Union, Poland is the East European state that is closest to us. But as one of the world's two superpowers, the Soviet Union occupies a unique position in many ways.

Special Attention

Both Hungary and the CSFR are quite different from Poland. The culture of those countries is more distant from our own than the culture of Poland. East Germany is more or less out of the picture because it will be difficult for Norway to play a meaningful role inasmuch as West Germany is cool to rapprochement between the two states. So Poland is the only one left on the list of current candidates. From the prime minister's office comes the announcement that Poland has received and will receive Norway's very special attention. The broad-based delegation which will accompany Syse on the four-day visit has been granted a lot of room in which to maneuver.

Important Meeting

Represented are leaders of the Norwegian Labor Federation, the NHO [Norwegian Employer's Group], the Norwegian Export Council, the Helsinki Committee, the Publishers' Association, and researchers. A large group of business leaders from Kvaerner, Norsk Hydro, Statoil, Elkem, EB, Eksportfinans, ALGAS, VIAK, Paul Wilson and Company, and Scansem is also represented. During the state visit, considerable attention will be given to Kvaerner's negotiations with Polish authorities and Gdynia shipyard leaders concerning a joint venture. Syse will visit the shipyard, and a lot of tension is attached to whether the negotiations can be concluded before our prime minister arrives at the huge shipyard.

"We have the feeling that there's a close relationship between Norway and Poland. To a certain degree, Norway ought to focus its efforts in East Europe on a few countries. Poland is a country which deserves a special status," says state secretary Kai Eide.

Obvious Need for Help

He thinks that the need to help Poland is quite obvious, especially when it comes to getting the economy up on its feet. The diagnosis is undernourishment of private initiative, and the prescription calls for a market-based economy. But an enormous turnaround is needed if Poland's economic heart is to beat in a healthy and unruffled manner. Here Norway will do its share—and a little bit more. Last autumn the Storting voted 150 million kroner in guarantees for projects by Norwegian business firms in Poland. So far, no other East European country has received such special treatment from Norway. The Guarantee Institute for Export Credit received applications which altogether had required well over a billion kroner.

Appreciate Us

It is clear that the Poles appreciate us. Prime Minister Syse was invited by Prime Minister Tadeusz Mazowiecki, who is running a very tight ship right now. Among other things, he is trying to find a solution to the indebtedness which binds Poland's economy to the sickbed. Syse also meets with President Wojciech Jaruzelski and Solidarity leader Lech Walesa in Gdansk. But by no means is that all.

To be held at the same time as the high-level political talks is a seminar on democracy in which the top Norwegian figures in the field will participate. Another important item of the program is a roundtable conference with participants from both Polish and Norwegian trade and industry. Contacts will be made—and quickly. Because Poland has no time to lose and needs all the help it can get from Norway and other countries.

PSL Supreme Council Meets, Elects New Presidium Members

90EP0597C Warsaw TRYBUNA in Polish
12-13 May 90 p 3

[Article by Halina Dowda: "The PSL [Polish Peasant Party] Wants To Introduce Itself to the Electors"]

[Text] "Our program is neither communist nor capitalist. We want a fully democratic government: parliamentary in terms of the state and autonomous in the gmina."

This appeal of the PSL [Polish Peasant Party] Supreme Council to peasant party members and electors is a kind of program proclamation. Barely a week has passed since the PSL Unity Congress; on the 11th of this month, the Supreme Council met at the first session. Above all, it was necessary to carry out elections of the executive officers. But this is a special time, preelectoral, and the new party wants to make itself known to the voters both in rural areas and in cities because the PSL does not want to represent only peasants.

The appeal to vote for candidates from the lists of Peasant Electoral Committees is preceded by the definition of the principles adopted by the PSL.

The economy: equal rights and identical criteria in the evaluation of all forms of ownership, flexible shaping of the new economic order, concern for the national wealth, and assistance for the nation's capital investments.

Rural areas: Sufficient amounts of our country's own food supplies is a condition for state independence and calm in our country. Degradation of rural areas weakens our state and national welfare.

During the Friday session, the Supreme Council made up of 101 persons coopted five members. The election of three RN [Supreme Council] vice chairmen was carried out. The Chief Executive Committee has 15 members.

As we have reported, Roman Jagielinski was elected chairman of the RN; vice chairmen: Jan Bury, Slawomir Szatkowski, Jozef Zych; secretary: Aleksander Luczak. As for the NKW [Chief Executive Committee]: Jan Komornicki was chosen vice president; Wojciech Oberkiewicz and Edward Kaleta were also elected as vice presidents. The president of PSL is Roman Bartoszcze.

Among NKW members, we find Aleksander Bentkowski whereas in the RN, we find Kazimierz Olesiak, Jozef Teliga, among others. There are 11 deputies in the council. Concerned inquiries were made about farmers in the NKW. They were present.

And for the People's Holiday [Swieto Ludowe] which falls on 3 June—Monsignor Boguslaw Bijak invited us to Jasna Gora [Basilica of Our Lady of Czestochowa].

Foreign Economics Ministry To Subsidize Media Exports to Bloc

90EP0597A Warsaw ZYCIE WARSZAWY in Polish
11 May 90 pp 1-2

[Article by (ds): "Return of 'ZYCIE' Abroad?"]

[Text] Initial decisions have been made; the money will come. However, when ZYCIE WARSZAWY will again appear on the markets of neighboring countries depends on whether foreign contractors will accept the new conditions.

We criticized and reported that on 1 April of this year [1990], ARS POLONA had suspended the distribution of approximately 800 titles of newspapers and magazines to Eastern European countries. The reason for such a decision turned out to be an unprofitable export because of a considerable increase in domestic press prices and in the cost of sending it abroad as well as the low export price of the newspapers and magazines.

The Export Development Fund Council, which in the first quarter of this year subsidized press exports to countries of the so-called first payments area, denied money during the second quarter.

In recent days, however, following government intervention, the Ministry of Foreign Cooperation made the decision to offer financial assistance to ARS POLONA. It will subsidize 45 selected publication titles. The selection was based on the popularity of a given publication abroad. Among those chosen is ZYCIE WARSZAWY. ARS POLONA can offer its foreign distributors a 70 percent rebate on these publications. The first to accept the new conditions were Polish cultural centers in Leipzig, Prague, Sofia and most probably in Budapest.

For the time being the Soviet distributor, MYEZH DUN-ARODNA KNIGA, is keeping silent. Approximately 3,000 of our subscribers from all over the Soviet Union have been waiting for ZYCIE for a month and a half now. They have paid for the subscription until the end of the current year according to prices in effect in the fall of last year, therefore, from three to five kopecks per copy. However, it looks as if they, too, will have to bear the cost of the marketization of our economy. Will they want to pay, for example, 30 kopecks instead of five per paper?

One thing is certain: the month and a half (thus far) interruption in the distribution of ZYCIE abroad is an outrage. This interruption occurred on 1 April whereas already in November of last year, not a person remained in Poland who was not aware of the cost of marketization so widely announced by the government and foretold by experts.

Meanwhile, it looks like once again we're wise after the fact?

SZTANDAR MLODYCH To Cease Publication in July

90EP0597B Warsaw ZYCIE WARSZAWY in Polish
11 May 90 p 2

[Article by (MM): "SZTANDAR MLODYCH for Liquidation?"]

[Text] Not more than several days ago, it celebrated its 40th anniversary and in less than five weeks, the journalists from SZTANDAR MLODYCH will receive their dismissal notices as of 1 July. We have learned from semi-official sources that as of that date, the daily publication of SZTANDAR MLODYCH will cease; only DIMANCHE, the weekend [Friday-Sunday] magazines, will appear as a kind of supplement to the newly being formed paper, EUROPA.

We may be comforted in knowing that the "residual" SZTANDAR MLODYCH will continue to remain the breeding place of journalistic cadres; the cradle of talent in keeping with, if only to mention Kapuscinski, Kakolewski, Osiecka, Drawicz—who at one time debuted in the columns of SZTANDAR MLODYCH.

Environmental Ministry Reorganizes Water Management System

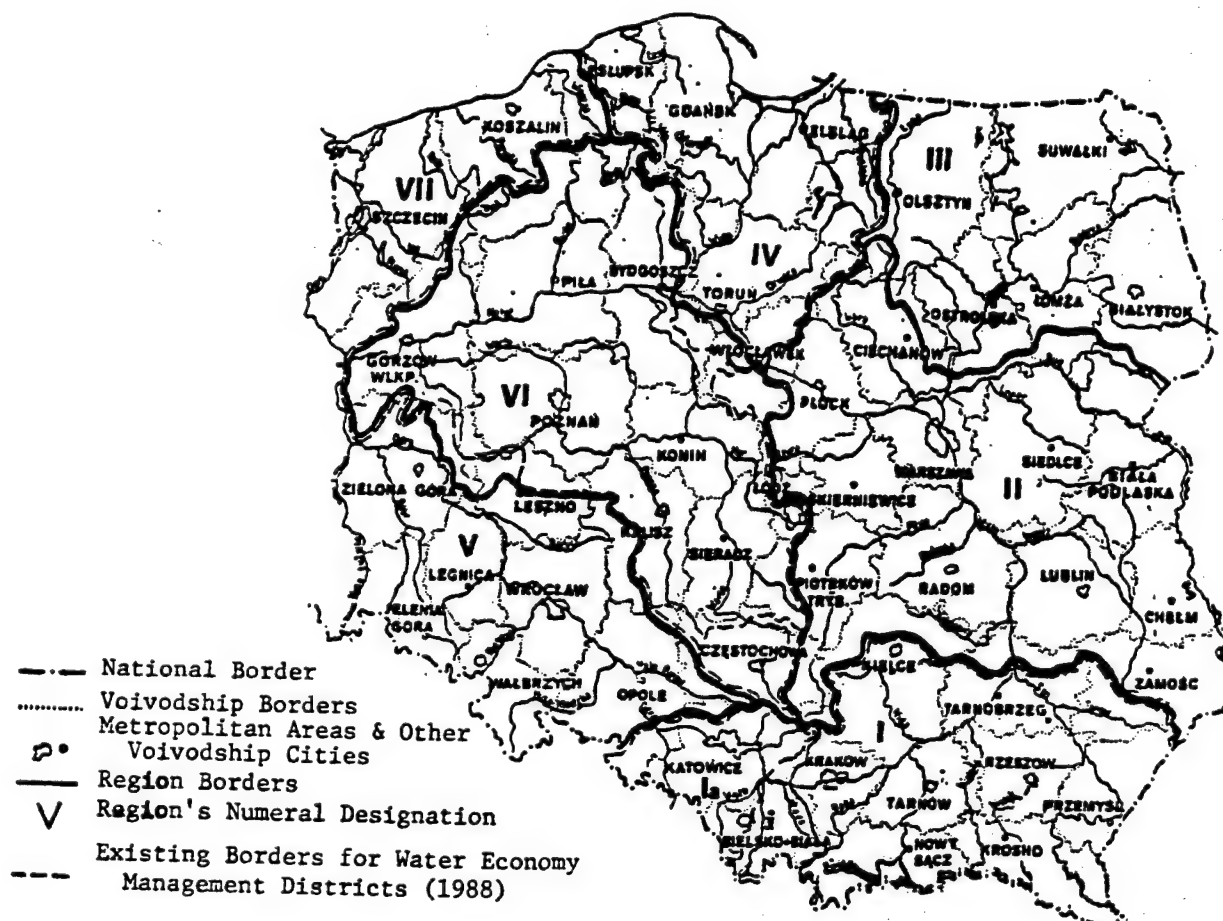
90EP0615A Warsaw RZECZPOSPOLITA in Polish
17 May 90 pp 1-2

[Article by Krystyna Forowicz: "Water Power"]

[Text] We are putting an end to the policy of dividing water among voivodship "compounds" and managing it within administrative boundaries. Basin systems of water management will be formed within the natural boundaries of river flows. There will be seven of them; this corresponds to the number of district water management directorates currently in operation. They will serve as the foundation for the formation of "institutions" performing the functions of regional water authorities. The councils of water users may be set up with the participation of representatives of the interested economic and social organizations. Regional basin boards will balance water resources and maintain water registers which thus far virtually no one has been doing. They will reconcile the very different interests of water users.

The helm of water power will be in the hands of Minister of Environmental Protection, Natural Resources, and Forestry Bronislaw Kaminski. The head of the ministry will have the right to set terms for the use of water in the basins, issue permits under the water law for transfers of water between voivodships, and make decisions on the location of flood-control structures. (He may delegate some of his powers to the directorate of administration). The point is for us to finally have real masters of water rather than official administrators. Only in this manner will the difficulties be overcome which have been experienced to date in resolving the issues of water supply to large conurbations such as Silesia, Krakow, or Rzeszow. Likewise, there is no doubt in anybody's mind that the

WATER ECONOMY REGIONS



decisions on the building of flood-control embankments should be made in keeping with the program for protecting the entire basin; they cannot remain within the jurisdiction of local authorities. As is known, flood-control structures built in the upper reaches of the river affect its lower segment negatively. Professionals say that under the circumstances it is necessary to opt for the lesser evil.

Nature is indivisible, and it cannot be "chained" to individual voivodships. I must admit that I have never heard about any water specialist or anyone in the administrative bodies managing water recognizing the current legal system to be proper. Absurdities have been pointed out many times. There are many of them. The basin of the river Wisloka with a small area of 4,100 square kilometers is subordinated to the local administration of four voivodships, and the tributary area of Pilica (9,300 square kilometers) to as many as six. This organizational arrangement perpetuated the clash of interests of water users. Voivodes with even the highest integrity will always be susceptible to local pressures because they are

held accountable for what they accomplish in their own "back yard." Quite frequently, it so happens that an abundant source of water could supply many villages through one water intake, but the water main cuts off at the gmina boundary because this is where another village, another gmina begins, so let "them" drill a hole in the ground themselves. Such cases may be enumerated ad infinitum.

This year, the budget of the Ministry of Environmental Protection amounts to 725 billion zlotys. Expenditures associated with water management will account for most of it, 80 percent. There is a reason for this because there is no life without water, which is called pathetically the bloodstream of the economy. Meanwhile, the water resources of our country dwindle with every passing year. The shortage is estimated to be nine percent on the average; in some cities, it amounts to 20 percent. One village in five trucks in water from several kilometers away. In per capita terms, we rank among the last in Europe. We have very water-intensive industry. We retain several times less water than our needs call for

(about three percent). We are wasteful. On the average, the loss of water in urban water supply systems comes to 30 percent. Our rivers have not been regulated. Out of 97,000 kilometers of our rivers, 67,000 kilometers are in need of regulation. What has already been done is in need of modernization. Agriculture uses irrigation to a minimal degree. Technical infrastructure in rural areas is still rudimentary; the situation in the cities in this sphere is not the best either. In addition, what we refer to as water is more like waste which we fail to treat properly.

Once, someone calculated that if the entire runoff of water from Poland within a year formed a single river it would be just a little more abundant in water than the Rhone, the tributary area of which is three times smaller than the area of Poland. This is why it is so important to organize water management properly.

Ecologists tell us that no environment exists in nature in which life is more exuberant than in water. Preserving its resources is a strategic goal for our economy.

GERMAN DEMOCRATIC REPUBLIC

Former Stasi Officer Reveals Operations

90GE0129A Bonn *DIE WELT* in German

28, 30 May 90

[Interview with unidentified former MfS [Ministry for State Security] officer by Manfred Schell and Werner Kalinka; place and date not given: "The Truth About the Stasi"]

[28 May p 8]

[Text] Ever since the creation of the state, the KGB and MfS [Ministry for State Security] have worked very closely together in the GDR. According to information supplied by a high-ranking officer of the former MfS, with whom Manfred Schell and Werner Kalinka spoke, the Soviets, particularly in connection with the FRG, has always attached the greatest of importance to intelligence activities in the GDR, and they also recruited GDR residents for their activities, whose working agreements for the most part retained their validity after the dissolution of the Stasi. By virtue of the data which was fed for decades into the central KGB computers by friendly services of the East Bloc, Moscow continues to have the capability of calling up important data about the West at any time.

[DIE WELT] The KGB in the GDR. How was (and is) it structured?

[MfS Officer] From the outset, the KGB played the role of a control organ in the formation of the state security service of the GDR. Nothing really changed in this respect right up to the end; on the contrary, the only thing carried out was expansion. Attached to the MfS of the GDR, under the official designation Representative of the Committee for State Security of the USSR, were the remaining elements of the restricted zone in Berlin-Karlshorst, where the capitulation documents were signed after the war and in which the KGB is housed. Here alone there are six Soviet intelligence collection departments, extensions of the corresponding departments of the First Main Department in Moscow. And exclusively for the purpose of serving as the front line in Western Europe, with a primary mission of concentrating fully on the FRG. Department one, for political espionage, is 100-percent directed at the same objectives that the HVA (Hauptverwaltung Aufklärung—Main Administration for Intelligence) of the MfS had: Government agencies of the FRG, political parties. And despite all efforts at cooperation, conflicts frequently arose as a result of an interest by both agencies in the same target individuals. This alone shows that the disappearance of the HVA does not really solve the problem.

Then there is the department two, responsible for so-called external counterintelligence, which is targeted against the intelligence services of the FRG, while department three concerns itself with resettlement and

legalization of Soviet agents in the FRG and West Europe. Target personnel categories for activities such as this are not so much Soviet citizens as they are GDR citizens and foreigners living in the GDR, especially those coming from Scandinavian countries and Arab states. Department four, as well, responsible for scientific-technical intelligence, concentrates entirely on the FRG. At least with respect to its breadth, this department was on a par with the corresponding sector of the HVA and enjoyed total data access. Department five, which—as was always claimed—occupies itself with questions of military intelligence against the strongest military power in Europe, the FRG. And then there is the department six, for special operations. This department is represented by approximately 800-1,000 officers in Berlin-Karlshorst alone, having whole housing areas and other facilities assigned.

[DIE WELT] You say, in Karlshorst alone. Where else are they located?

[MfS Officer] In addition, the largest foreign contingent of the KGB in the world is located in the Soviet embassy to the GDR. And they work independently of Karlshorst, being controlled by the departments directly, working through the diplomatic service in Moscow.

The second component, the counterintelligence departments, are located in Potsdam. And the counterintelligence departments also have an external counterintelligence mission in the military sector, where, on the one hand, one's own crew, i.e., Soviet military intelligence, is controlled, and where, on the other hand, friendly intelligence activities are engaged in, e.g., on an intensive scale among Turkish citizens in West Berlin. In West Berlin, a number of cases involving Turkish citizens have been investigated in recent years, which had their origin in this department in Potsdam, where Turkish citizens were sent back to Turkey for the purpose of engaging in espionage against Turkey's allies. And a special effort is also being made, using foreigners living in West Berlin, to infiltrate them into installations of the allies as service personnel.

[DIE WELT] How was the KGB able to work in the GDR?

[MfS Officer] The KGB—like all Soviet units—operated on a completely legal basis in the GDR. This had always included the right to train GDR citizens. And I would like to point out that the most diabolical aspect of all this is the fact that, currently and in the past, many GDR citizens worked for the KGB. They believed that they were working for the MfS, since the KGB agents operating under cover used former MfS employees for initial contacts and assessment, and no indications were given during recruitment attempts that the recruiters were from the KGB. There was no longer any language recognition barrier there. Many GDR citizens entered into an intelligence relationship with the KGB years ago who did not really know beforehand what the situation really was.

[DIE WELT] How was the data processed?

[MfS Officer] There was a data bank for international cooperation. Within the MfS, it had the designation ZAIG 5, being called thus after the sector five of the ZAIG, the central analysis and information group [Zentrale Auswertungs-und Informationsgruppe—ZAIG]. All socialist security organs in the Soviet Union, Poland, the CSFR, Hungary, Bulgaria, and the GDR stored data in this bank. Stored there, of purely intelligence-related matters, was every known or suspected employee of a foreign intelligence service, all persons classified as our principal enemies. Including DIE WELT. By virtue of the national data banks alone—each country had its own bank—the KGB is now in possession of all the information, even in those cases where it was not officially informed, since the main station of the computers is located in Moscow. All the KGB has to do is press a computer key and it has all the facts. Everything of importance concerning the West is stored in this computer. But that is only the one aspect.

The other aspect: Regardless who it was who found out that there was something of interest to him in the computer, this person immediately contacted the service unit that had picked up the information, in this case the state security of the GDR, to take follow-up action. In the most important cases, e.g., those which concerned the FRG, the KGB did not only have the computer data, together with one or the other coded reference or restrictions—for example, a statement to the effect that further details were available from the MfS—but they also followed up with their inquiries. Hardly had anything been put into the computer, when less than three months later there would be an inquiry from the KGB and a suggestion that a working session be held. And I repeat what I said before: There were no limits. No one had to force us into this cooperation.

[DIE WELT] When the Soviets recruited a resident of the GDR, did he find out about it?

[MfS Officer] No. I was able to find out about it.

[DIE WELT] No, we don't mean you personally.

[MfS Officer] We as the MfS, we were able to find out about it, on a case-by-case basis, in those instances when we too chanced upon this citizen. But there, as well, only about 50 percent of the time. It did not happen automatically. Let me give you an example: We recruit a graduate engineer working in a plant. He becomes of interest to us, we also name-trace him, and then were cases where the Soviets had put him into a central file in which the notation "director of department 12" appeared. That was a procedure that was agreed upon with the Soviets.

But there were also instances when the Soviets did not do this, where it did not become evident until much later that the subject person worked for the KGB, and that the person said: Confidentially, by now I have learned to trust you as well, but I should tell you that I have also been working for the Soviets for the last five years. But so

far I have not told them that I am working for you. I would rather work for you, however.

A special aspect, finally, was the fact that state security employees turned over cases being run by the MfS to the Soviets, for the Soviets had a foreboding of the political development. From there, people were also put into think-tanks of the GDR, the academy for state and law, institutes of the party, where the attempt was even made, with our help, to insert Soviets who had lived in the GDR for a long time. And it is against this backdrop that there is a real danger: We cannot proceed on the basis of the remaining assets coming here from over there. You have to think this through another way: Of the KGB structures, what do they automatically take over on the territory of the GDR? You know, back in the fifties the Soviets turned out an enormous number of films about the Nazi period—most of them, I'm sure, were not shown here—we really ate them up. The number of agents recruited in sufficient time in fascist Germany and put into positions in the German army [Wehrmacht] is something of which we are all aware. And this danger exists again today. And these GDR citizens, how are they to extricate themselves from this working agreement? How can that be done? Why, it is impossible. Their obligation to work for the MfS has ceased. But those who have worked for 10 or 15 years for the KGB—even couriers to the FRG, perhaps, who operated with the help of their children—they will never be able to dissolve their relationship.

[DIE WELT] Is it true, that the Soviets, if they wanted to, could simply take over a case from the MfS?

[MfS Officer] Yes, that was the situation. It was not uncommon that we were competing for the same leads. In those cases, depending on the degree of interest and how well each side understood the other, an agreement was always reached. But there were even cases where we were able to turn over to the Soviets persons who had worked for many years in an unofficial capacity for the MfS—with their consent, of course. In those cases, we did the preliminary work and talked to the man about the great benefits of world peace, until he had declared his willingness to continue to work for the KGB. There were numerous cases of this type.

At the same time, however, the Soviets also turned over Soviet citizens to us. Approximately 25,000 Soviet citizens can be assumed to be living in the territory of the GDR, of whom barely 12,000 can be identified as such, since they still carry their Soviet passport. Do not forget the scientific field. The technical elite of the GDR were trained in the Soviet Union. There was nothing more lucrative than study abroad at one of the renowned universities in the Soviet Union. Most of them brought a Soviet spouse back with them. Because of this, many who have become GDR citizens are no longer outwardly identifiable as Soviet citizens. But they are there. This also introduces a certain potential into this common household. With regard to your question, I would once again like to emphasize that the cooperation between us

was indeed unbounded and unlimited. We should not make the mistake of limiting this just to Berlin. Wherever there are Soviet consulates, it is Soviet intelligence that has jurisdiction. And keep in mind, there was a permanent liaison officer of the KGB in every administrative district of the GDR. In every administrative district. And he got what he wanted.

[Box, p. 8]

"The KGB Lied and Cheated"—Then the MfS Became Angry

On the face of it, the cooperation between the MfS and the KGB went without a hitch. Information was exchanged, activities were coordinated, and—within certain limits—the cooperation even survived times of political differences between Moscow and East Berlin, such as happened with increasing frequency following Gorbachev's assumption of office. The KGB and MfS did not permit their relationship to be influenced by this; on the contrary, at this level they moved even closer together.

Only once did the people at the Stasi get really annoyed, and this was when East Berlin noticed that the KGB was passing information to the Soviet leadership which did not stem from their own sources but instead was based on activities of the MfS. The high-ranking officer of the former Ministry for State Security, who made himself available to DIE WELT for intensive discussions, reports that he received information from Soviet intelligence with the notation that it stemmed "from a secret source in the operations center," which in actuality had stemmed directly from the MfS. "And even then these guys did not go to the trouble of changing the attribution statement." When he received the document in question and had called in his analyst, the latter confirmed his suspicions, saying "Yes, boss, that is our information." Other colleagues fared the same way, so that it gradually became too much for the MfS leaders to accept.

The extent to which the KGB cheated us and lied to us on our own territory had become so great approximately four years ago that East Berlin, to "set an example," successfully forced through the removal of a number of KGB employees in the GDR. The Soviet head of the KGB at that time, Chebrikov (took over in 1982 and left his position as head of the KGB in 1988, as part of the changes carried out by Gorbachev—ed.), even wrote a letter to all KGB units in the GDR and "emphatically admonished" the employees to stop deceiving the German colleagues. The MfS employees were capable experts, as well, the letter stated, and the KGB should go ahead and "keep their own eyes open."

[Box, p. 8]

"SED Asked DKP for Its Blessing"

[DIE WELT] Information has come out regarding a so-called DKP secret army, which was supposed to swing into action at a time of crisis in the FRG.

[MfS Officer] You are talking about department four. This was a small unit which was not assigned to the central facility of the MfS, and which worked in an atmosphere of utmost secrecy. At the most, 50 employees.

[DIE WELT] Who took the initiative in its creation?

[MfS Officer] In my estimation, it must have been created in the mid-1970's at the behest of the department West of the central committee of the SED. Not so much in response to a desire by the DKP that something finally be done, but rather in connection with all the state security-related matters being worked on in preparation for the so-called emergency situation [wartime], also by the working group of the minister.

It was known that persons who were signed on and trained as unofficial employees in connection with this plan had to be 100-percent loyal to the party line. And then the central committee of the SED [Socialist Unity Party of Germany] approached the DKP leadership—I don't recall exactly whom but a small circle—and asked for its consent that, in the event someone were to defect to the other side one day, the DKP would not itself make a mass move in the direction of the GDR. The DKP accepted the program, but only in the sense of a secret army of the DKP. You can search all the offices of the DKP [German Communist Party], you will find no documents to support this. The whole program is to be taken as something which would enable the GDR—similar to what Stalin did with the Comintern—to fall back on a pool of loyal collaborators enlightened through attendance of many party schools in the GDR, and augmented by selected GDR citizens resettled in the FRG after being trained for this cause. At any rate, the program was then very quickly initiated.

[DIE WELT] Where?

[MfS Officer] The department was given a villa in Friedrichshagen in Berlin. Outwardly, it had a completely normal appearance. And although every unit of the MfS—as any employee will recall—received requests on an almost daily basis to check on persons in the central registry, things were different with respect to this department. In all my many years (of activity in the MfS—ed.), I had only one trace request of this department on my desk. And that was at the beginning, when it was being set up. Afterwards, a directive from Mielke even went so far as to prohibit such requests from being passed on. The head of the central registry was obligated to return such trace requests to the originator.

[30 May p 8]

[Text] After martial law was declared in Poland, Hon-ecker and Mielke tried to turn things around once more for the communists by means of Stasi operations. We will show those Poles a thing or two, thus the former high-ranking Stasi officer with whom Manfred Schell and Werner Kalinka spoke describes the rallying cries of the SED [Socialist Unity Party of Germany] and MfS

[Ministry for State Security] leaders. From 1985 on, the MfS also extended its activity into the CSFR, Hungary, and Bulgaria. The primary mission there was to spy on GDR residents staying in those countries: "Nobody was safe within earshot of a waiter." Only with the infamous Securitate was there no cooperation; during the 1970's, Ceausescu, insisting on independence, was opposed to it, and later on the MfS no longer wanted to have anything to do with the dictator.

[DIE WELT] The revolutionary developments in the East Bloc began in Poland. Did the MfS miss out on this?

[MfS Officer] For years already, we had been pressing the Poles and telling them that they were making mistakes and being led around by the nose. That was a saying that we had, the sloppy Poles are being led around by the nose.

We had to help them somehow. While martial law was in effect, at the direction of Honecker, we created a special duty unit within the MfS. There was an order relative to the situation in Poland. The MfS took over the top two floors of the GDR embassy in Warsaw, and it had one man each in the GDR consulates in Szczecin, Gdansk, and Wroclaw. At the end there were almost 35 people in Warsaw. With the understanding that now we are going to save the Poles. Now we're going to show the Poles....

[DIE WELT] ...where the road leads, how things are to be done....

[MfS Officer] And what is of course interesting from today's perspective, and what the Poles did not know at that time, was that these operational groups had also acquired sources in all Polish sectors, from the parties down to Solidarity. Informal collaborators of whom the Poles knew nothing. And then the Poles, just to show them how well informed the MfS was, would occasionally be provided with some information—in a sort of patronizing way—in the spirit of: now we're going to give you this and that. Every unit that had previously had connections with the Poles had to give character sketches, this is so-and-so. There were a number of recruitment attempts of Polish officers in the apparatus, whose willingness to cooperate was secured on a gentleman's agreement basis. And who were then all busily provided with packages during lean times. For there was nothing available then, and for those times this was a good way to create a bond. The GDR got involved in all things that were important over there. On behalf of the Poles, we shared in checking on the activities of all Solidarity structures in West Berlin, in the FRG, France, and the Netherlands. Independent tasking for GDR intelligence activities, therefore, which were carried out in those countries. Always in line with the motto: we have to do everything by ourselves.

[DIE WELT] The tasking orders for the MfS came from the very top?

[MfS Officer] On direct orders from Honecker. There was also a meeting of the Politburo for this purpose. And

also Politburo members such as the first secretary of the district headquarters Cottbus, Walde, were, as border districts, subsequently tasked with working out, together with the heads of the district administrations of the MfS, operational action programs with respect to Poland. But the man directly responsible here was Honecker, since relations with Poland had a special association for him. He was disappointed; his friends had been deposed. Now he believed, and Mielke with his arrogance likewise, that the MfS could save Poland. Such a mad claim, and then to send over 25 men to solve the problem.

[DIE WELT] Did Mielke carry out Honecker's orders?

[MfS Officer] Mielke's order on the situation in Poland was then also refined with a number of implementation provisions. Most likely, nothing of a fundamental nature took place in Poland of which we were not aware, which we did not influence.

[DIE WELT] You monitored not only Solidarity as an organization, but also Walesa and leading personalities of the church?

[MfS Officer] Naturally. Yes, but naturally. I know, I happened to be in Poland at the time. Right after the repercussions of martial law the Poles played back a tape for us that they had made of this last conference of Solidarity. There we were also shown photographs of Walesa. And there the Polish general officer declared that "much of this we would not have received without the MfS." Let me tell you what the situation was: The West had brought in the printing machines in support of Solidarity, and we turned over to the security agencies the most modern equipment available for countering the printing machine pump technology.

[DIE WELT] What role did the KGB play?

[MfS Officer] The Soviets never succeeded in becoming really established in Poland; anti-Russian and anti-Soviet sentiments prevailed even among members of the security apparatus. Whenever we had a meeting in Moscow, the refrain invariably heard was: you Germans and the Bulgarians, the others we can forget, and the Poles we don't need at all. And all that one ever heard from the Poles was that the KGB would get nothing from them. And now the KGB worked in Poland with the help of the operational groups of the MfS. Everything that our operational groups came up with there was shared with the KGB, both in the planning as well as in the analysis stage.

[DIE WELT] Where else was the MfS active?

[MfS Officer] In 1985, an order was signed by Mielke that dual-function MfS operational groups of the type used in Poland, and using techniques that had proved their worth there, were to be established in the CSFR, in Hungary, and in Bulgaria. The counterintelligence was given the task at that time. Before I go on, I must say something about the division of labor: In all countries of

the socialist camp, counterintelligence was also responsible for the security of the embassies. In all capitalist countries, it was the HVA [main administration for intelligence] that was responsible. Counterintelligence then dispatched people to Prague having a minimum rank of deputy department head. And these people were officially accredited with the corresponding security organs and given diplomatic cover. The results subsequently achieved, historically seen, are now of interest in a number of ways.

[DIE WELT] In what respect?

[MfS Officer] First of all, let me say that these countries helped make life for GDR citizens difficult. And that too was one of those moments in life when one suddenly went limp upon realizing that each and every maid in the hotel in the CSFR or in Hungary was targeted against GDR citizens and was now writing her reports, checking the luggage, etc. And, as a result, we received large amounts of the so-called contact data of these security organs. Wherever GDR citizens met in these countries, it was observed by the police, noted down, processed, turned over to the state security service. Whether in a hotel, a casino, or wherever: the citizen of the GDR was not safe within earshot of any waiter. There is one other thing in connection with these countries that you must bear in mind: in all three countries, unlike the situation in the security service of the GDR, there was a strict observance of the retirement age or maximum age limit. People left the active service when they turned 50 and were placed in positions in the tourist trade, naturally as trained personnel. This is a practice that was taken over from the KGB, where it was also followed. I was able to profit from this a number of times, when I ran into former colleagues again.

Because of the fact that these guys were everywhere, that they had firm control of all the hotels and the entire foreign tourism sector, it is understandable that there was a sizable volume of information. And many a GDR citizen probably wondered why he was having difficulties at work or in having a trip approved, or when the HVA knocked on the door and showed an interest in citizen-of-the-FRG so-and-so or citizen-of-the-Netherlands so-and-so. It all began with this activity. That was an unfortunate chapter in our history; we became fair game.

Particularly the Hungarians had helped us a lot in recent years. A number of people of the security apparatus, and also from the party apparatus, who had expressed their willingness to switch sides at the embassy of the FRG in Hungary, were immediately reported [to the MfS] by the Hungarians. One of the more recent spectacular cases: a senior lieutenant of the criminal police in Neustrelitz, where one of the intelligence services in the FRG had immediately taken the bait. He was not even completely back in the GDR yet when the Hungarians were already there, with their material. In this instance, the situation was truly one in which cooperation was more than just a

one-way street, and instead each side had its own mission. In return, the Hungarians, just like the Czechs and Poles, were given letters addressed to western European countries that their citizens had mailed from the territory of the GDR.

[DIE WELT] How was it with respect to the other countries?

[MfS Officer] Yes, the same thing applied to Bulgaria. Wherever GDR citizens stayed and citizens of the FRG were able to visit, the MfS was present. It was always possible to make a fresh start on the basis of the material that the Bulgarians, in their fear of espionage, put on the table. And because of their domestic situation (Turkish problem, terrorist attacks), the Bulgarians have for the last four years been very dependent on the state security service. Here too we were of help to them.

Let us take an example: The Bulgarians have no more dangerous enemy on earth than the Turks. Everything that you have believed so far about the United States being a major power, you can forget all that. I took part in large conferences in recent years; they switched enemies with us. And suddenly I corrected the picture that I had had and realized that everything that I had thought thus far about the United States and the FRG was all nonsense. What did we do for them? We contacted Turks in West Berlin for them, made observations on their behalf, and performed other similar services. We helped them with respect to the Armenia problem. Many Bulgarians are at the same time Armenians, and through them in turn the link to the Turks.

[DIE WELT] Did they ever find out anything about the background of the attack on the Pope?

[MfS Officer] Basically, I must answer this as follows, regardless where something happened in the western world: If we were still in office now and a major attack were to take place, we would check the names of all persons who had ever been mentioned and who had been in the GDR. That was the main thing. Always to check to see whether the GDR could somehow be drawn into the matter.

And that is the way it was when this attack took place and the names became known. Were there GDR connections of any sort? We also discussed this matter at that time with the Bulgarians and the Soviets. We heard nothing from the Bulgarians, but we all believed that the Bulgarians were involved somehow. It was at that same time, too, that they were playing cat-and-mouse games with us on our own territory—cops and robbers. And based on all that, the way the responses came in, their reticence, we got the feeling—what I'm telling you is completely subjective at this point—that our friends had somehow had their fingers in the pie.

[DIE WELT] So far you have not mentioned the Securitate.

[MfS Officer] The Romanians had the facility of the Securitate in the [text missing]. What we were able to observe: There the secret service did indeed outrank all diplomats with respect to issuance of orders. It could happen, if the Securitate representative had the cover of a driver, that he gave orders to the ambassador when the latter was picked up in the morning. We noticed that the people engaged in no activities in the GDR, but that they were intensely preoccupied with West Berlin. Then we noticed, once the Securitate contingent was fully operational, that, especially in the category of musicians, many Romanians lived in East Berlin but went to West Berlin every day from morning to night and then returned. Through observations, we also established clear connections to Securitate collaborators. To this extent, therefore, especially for these services, East Berlin served as a jumping-off point to the West.

There was no cooperation with the Romanians. Initially, we wanted it, that was during the time when Ceausescu was blowing into the independence horn, and at that time the Romanians did not want it. At the end of the Ceausescu era—when they were having their problems—they wanted it but no one in the MfS wanted it any longer. A year ago, statements were made by employees at party meetings to the effect that they would volunteer immediately for a death squad to kill Ceausescu. Just imagine that.

[Box, p. 8]

Politicians Are the Primary Target of Communications-Intercept Operations in the West

[DIE WELT] What sort of material have radio intercepts turned up with respect to the FRG which might have an explosive potential in the future as well?

[MfS Officer] Most likely the mistake was always made here in the West that one talked too much and that one thought that the GDR was technologically behind the times. One failed to realize that the best products are available on the international market. Everything that I saw in the GDR was the latest model and tops in its field. Initially, one tapped into the lines going from West Berlin to the FRG. Not a single conversation took place which was not at least taped. And when the capacities were exceeded, the computer was only activated when major cue words came up. From there one switched to the use of satellites for monitoring purposes—also on a joint basis with the Soviets.

And the last step was the creation of an operational department which had unofficial collaborators for the purpose of tapping into cables here in the FRG. I'm telling you: everything that we could lay our hands on was collected. While during the first few years perhaps

half a report of the three [collection technologies]—to exaggerate somewhat—crossed my desk each month, the situation at the end was such that I was receiving from 10 to 15 reports a day.

[DIE WELT] Information taken from intercepted conversations?

[MfS Officer] From intercepted conversations. And let me tell you something else: the information always had alphabetical and numeric distribution codes. The word "F" or "So" accompanied 80 percent of the information. Those were the Soviets. That was an automatic rhythm.

[DIE WELT] These F and So abbreviations—did they mean that the Soviets acquired the information, or that it was also sent to them for their information?

[MfS Officer] The latter. What they did with it we do not know.

[DIE WELT] To what priorities were the computers set to respond?

[Reply] In first place were the politicians. In the area of intelligence services, as soon as an intelligence-related stimulus word came—Pullach, for instance. Everywhere, wherever the MfS had intelligence interests. Nothing was lost.

[DIE WELT] And it was possible to process this volume of material. That is amazing?

[Reply] It was not processed. What happened is that everything was screened so that nothing important would be lost. That capability was assured. But a lot of material whose topical relevance was not spotted by the person who screened it initially was first relegated to the "pile," and this also applied pressure on the three [collection technologies] from below. And it got to be more and more. And then when we had a question relative to certain data in which we were highly interested, we were told: Good Lord, we have three rooms filled with tapes. And it was because of these considerations, once the point was reached where the information was no longer manageable, that this computer was connected a few years ago. And an awful lot of work was done on this system.

[DIE WELT] Would you say that they were well informed over there, for example, about what our government leaders wanted, said and thought?

[MfS Officer] Please spare me from having to answer this question. But much has also become known in the meantime. So I cannot give you my opinion on this matter. Everyone must live with the fact that his secrets... You know, your governments have always had problems with your press, so that not everything remained secret.

GERMAN DEMOCRATIC REPUBLIC

FRG Daily on Urgent Trade, Production Problems

Revised Trading Basis With USSR Needed

90GE0128A Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 18 May 90 pp 17-18

[Article by "Ke.": "GDR Has To Put Trade With the Soviet Union on a New Basis"]

[Text] Berlin, 17 May—Delivery backlogs and acceptance delays, the limited availability to Soviet clients of foreign currency in convertible currency, and the Soviets' push for a new rate of exchange for the transfer ruble render the export trade between the GDR and the Soviet Union increasingly difficult. The East Berlin Ministry of Economic Affairs therefore cautions against a downward trend and thus a destabilization in the exchange of goods between the two countries. This could not be in the interest of the GDR's economic rehabilitation and employment situation, as is written in a document issued by a team in the GDR Ministry of Economics and which, based on a current analysis, submits proposals for a reorganization of export trade with the Soviet Union. Rather, the GDR wants to preserve the high level of this foreign trade and even expand its export into the Soviet Union.

As early as the end of April, during Prime Minister Lothar de Maiziere's first visit in Moscow, GDR Economics Minister Gerhard Pohl had submitted to the Soviet Ministry of Foreign Trade his proposals for a reorganization of trade relations between the two countries. In East Berlin it is still hoped that the respective negotiations can be continued at the beginning of next week. However, it is uncertain whether this time schedule can be adhered to. Nevertheless, all those concerned are convinced that the problem requires an urgent solution, particularly since so far the volume of agreements signed for GDR exports to the Soviet Union for the coming year (i.e., the contract lead time) and amounting to 1.03 billion rubles (M4.73 billion) is clearly below the comparable value of previous years. The reason given is that the funds by Gosplan in Moscow have not been released yet because no decision has been made regarding the investment priorities and because of the planned conversion of their trade to global market conditions and the relatively high credit balance in favor of the GDR.

Of great importance in the organization of future trade relations is the determination of the coefficient for the conversion of the so-called transfer ruble into a convertible currency. Previously the ruble was based on a rate of exchange of \$1.22 or DM2.25. In the meantime, the Soviets have agreed with Hungary on a rate of exchange of \$0.92 or DM1.70 for 1 ruble. The GDR is still hoping to negotiate a somewhat more favorable exchange ratio. After all, the ruble revaluation agreed upon with the Hungarians alone, if it were to become the basis for trade with the GDR as well, would allow the credit balance to

fall, converted, from 3.8 to DM2.9 billion just strictly mathematically speaking. This credit balance in the trade with the Soviet Union is likely to reach about 8 to 9 billion East mark in 1990. It is the GDR's opinion that an equalization of the trade balance must not be achieved by means of financial operations but via increased shipments of merchandise.

In this context and for starters the GDR Ministry of Economics is striving for another trade agreement for 1991, which includes lists of goods for primary export and import. Starting in 1992, a general intergovernmental agreement should then be prepared covering the external collaboration. The finances of the 1991 trade should be cleared on the basis of a Western currency, and not until 1992 a complete settlement in convertible currency. A German-Soviet company shall be organized as clearing house. It is supposed to clear, for example, the GDR's chief exports, such as ships and ship equipment, rolling stock and capital goods for the metallurgic and chemical industries as well as the major raw material imports from the Soviet Union. In addition, mixed companies between suppliers and clients of both countries should be developed. The latter might be an instrument to strengthen the role of the union of the republics and the Soviet enterprises in foreign trade.

This year the GDR has delivery commitments for export into the Soviet Union valued at 6.35 billion rubles (29.66 billion East German marks), 99.1 percent of which are already secured by contracts. The conclusion of other agreements in the consumer goods sector is expected. Where imports are concerned, the delivery commitments of the Soviet Union reach a value of R5.79 billion or M27.04 billion. A lack of Soviet Union proposals and changes in GDR demand had the result that contractual commitments reached only 85.1 percent. In addition, the Soviet side reduced crude oil shipments in the first quarter. In the case of other items, such as shipments of pig iron, steel scrap, pulp wood but also roller bearings and electronic circuits, there currently exists a contractual backlog.

For 1990, the GDR has also reduced by 54 to 302 billion rubles its imports of military technology from the Soviet Union following the disarmament negotiations. The focus of credit relations between both countries is the natural gas project in Jaumburg. The GDR has participated in this project with a credit of 1.3 billion rubles, roughly 60 percent of which are supposed to be paid out by the end of the year.

Breakup of Bureaucracy Advocated

90GE0128B Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 18 May 90 p 19

[Article by "hal.": "In the GDR, a Breakup of the Bureaucracy Is Getting Urgent"]

[Text] Bonn, 18 May—After the drafting of the state treaty and completion of the economic, monetary, and social union the breakup of the GDR's bureaucracy is

going to be one of the most difficult problems. Politicians in Bonn voiced their conviction that financial aids for the GDR will not be adequate and that the anticipated commitments from Western enterprises will not be forthcoming unless there is a successful breakup of the encrusted administrative machinery. Evidently the politicians in East Berlin flinch from this responsibility because they fear reprisals from the still existing forces, underestimated in the FRG, such as the state security police.

Economics Minister Helmut Haussmann (FDP) [Free Democratic Party] said that the trust institution established by the Modrow government was obviously not in a position to master the problems confronting it. The institution, under the direction of Peter Moreth's (LDPD) [Liberal Democratic Party of Germany], sees its primary function in managing the national wealth with no intention to denationalize it. Merely a small portion of operations has been incorporated so far, none of them have been transferred into private ownership. The economics spokesman of the CDU/CSU [Christian Democratic Union/Christian Social Union] Bundestag faction, Wissmann, demanded that Moreth be replaced immediately. The trust institution continues to grow and now employs more than 600 people. According to informed circles in the GDR, Moreth has acquired a territorial trust institution in each bezirk with a staff of 30-40 people who were appointed by the Bezirkstage [district council]. So these employees came into office through the former bezirk governments, which have not been reelected.

Haussmann demanded a new concept for the trust institution. Denationalization and restructuring policy should have priority, not administration. To this end the institution should prepare concepts while exploiting all approaches as, for example, calls for bids or disposal orders to sales enterprises and banks. In addition, the previous political influence on individual decisions should be removed from the institution. Entrepreneurial expertise and experience must be the deciding factors for filling management and board committee posts.

In the GDR there is open talk about "comrade corruption," which causes the economic situation to be increasingly chaotic. For example, the ministries of the old regime are still in existence. The ministries for light and heavy industry, for food industry, theoretically answering to Economics Minister Pohl (CDU), and the planning and price commissions are employing roughly 100,000 people with high salaries. The economic affairs ministry in East Berlin alone employs 5,000 individuals as compared to 1,600 in Bonn. Instead of dissolving the ministries an attempt is made to maintain them at least until July so that the comrades' salaries can be converted at the favorable exchange rate of one to one.

Further problems are indicated in structuring the administration required by the state treaty. To organize the fiscal administration each FRG land is sponsoring bezirks to train employees of the new revenue offices.

The bezirks have appointed representatives for this purpose who will be trained further in the Ministries of Finance of the FRG lands and contribute their personal recommendations for the training program. All of these representatives come from the bezirks' councils, which have not been reelected yet. The word from the GDR is that the population is worried the FRG lands are therefore training former comrades to be revenue office directors. Against this background there is also concern about Paragraph 29 of the state treaty, which states that the federal personnel representation act shall apply analogously to GDR agencies. This means there is danger that the old comrades in ministries and agencies can stay put in their chairs.

Agricultural Problems Noted

90GE0128C Frankfurt/Main FRANKFURTER
ALLGEMEINE in German 18 May 90 p 19

[Article signed "kpk.": "GDR Agricultural Enterprises Have Advantages of Scale"—But Serious Gaps in Mechanization"]

[Text] Frankfurt, 17 May—The agricultural operations in the GDR "have the potential advantages of large-scale productions. They are in a position to produce large uniform lots of agricultural products and to organize production and labor appropriate to the site and in a specialized manner." This was the opinion expressed by economist Karl-Heinz Struebing, professor at the Meissen University, in front of over a hundred agricultural experts from both German states in Leipzig-Markleeberg. The majority of managers are university graduates and as a rule have special know-how in certain branches of the industry. The achieved degree of concentration and specialization offers a possible degression of cost.

However, "substantial mechanization gaps" have occurred in GDR agriculture since the mid-seventies, Struebing also remarked. These largely cancelled previous gains in productivity in certain procedures. At the start of the eighties the farming operations were no longer able "to ensure the simple reproduction of their capital equipment." Translated into West German terminology this means that they have not been able to preserve the value of their fixed assets. Additional manpower had to be hired, according to Struebing, to maintain production. The degree of wear for fixed assets (for "capital equipment") in crop cultivation has risen to 68 percent, the availability of technology dropped to from 50 to 60 percent. The downtimes caused by technology and organization increased to 25 to 30 percent of total working hours.

In Struebing's view "the main link in the chain to produce long-term agricultural competitiveness in the GDR" is (in addition to ownership revisions) a basic modernization of technology. Furthermore, production structures must be untangled, disparities between crop cultivation and cattle raising overcome, manageable

scales of operation and concentrations of animals developed. Summarizing he stated among other things: "The seemingly unsolvable problems of today may be the growth potentials of tomorrow. These potentials cannot be exploited without a few necessary preconditions. The most important one being that the agricultural entrepreneurs really want to grow. For a prolonged shrinking to a profitable size is unhealthy."

Lignite Refining Operations To Cease

90GE0111A East Berlin *BERLINER ZEITUNG*
in German 25 April 90 p 3

[Interview with Minister for the Environment, Nature Protection, Energy, and Reactor Safety Prof. Dr. Karl-Hermann Steinberg (CDU) [Christian Democratic Union]; interviewer, place, and date not given: "Carbon Chemical Industry To Close Low-Temperature Carbonizing Plants by End of 1991"]

[Text] For a few days now, the GDR has had a new environmental minister. Prof. Dr. Karl-Hermann Steinberg (CDU) [Christian Democratic Union] took control of the shop in the Ministry for the Environment, Nature Protection, Energy, and Reactor Safety. We spoke with him about his future work.

[*BERLINER ZEITUNG*] Until recently, you were still a chemist and faculty director in Leipzig, and now you are the environmental minister. You have a lot to do. What do you want to start with?

[Steinberg] Among those tasks that lie close to my heart is the work in the governmental commission. They are concerned with cleaning the industrial areas in central Germany which are severely out of balance ecologically. Even by the time Prime Minister Modrow was in office, I was called to the governmental commission as Deputy Minister for Heavy Industry. This work is important in order to achieve perceptible environmental relief from pollutants within the next 18 months.

[*BERLINER ZEITUNG*] What specifically is the governmental commission under your direction working on?

[Steinberg] One example would be the GDR carbon chemical industry. It is concentrated south of Leipzig. Boehlen, Espenhain, Deuben, and Rositz are among the focal points. Other areas that interest us are Bitterfeld, Leuna/Merseburg, Pirna, and Freital.

[*BERLINER ZEITUNG*] What do you envision is necessary to make these corners of dirt disappear?

[Steinberg] For one thing, all the low temperature carbonizing plants will be closed by the end of 1991. These facilities are so old, the health risks for people are so great that we have no other choice. At the same time, we are closing environmentally damaging plants in the Bitterfeld area. Others are being cleaned up. All in all, we

only have a little time left if we want to save anything, and if we want to prevent even more people from leaving this area.

[*BERLINER ZEITUNG*] With factory closings, jobs are also falling under the table. Is that considered?

[Steinberg] Yes. In the Bitterfeld area, it will be about 1,500 jobs. That is not such a great problem, because on the other side, there are 2,500 unfilled job slots in this territory. It is different in the organic chemical industry. With the closing of low temperature carbonizing plants, 3,000 jobs will disappear. We are still searching for possibilities here, to get these difficulties under control. There are already some proposals.

[*BERLINER ZEITUNG*] What would those be?

[Steinberg] Building a middle-sized industry, for example in the construction field. Our concept is to reconstruct the Thierbach power plant and equip it with dust collection and sulfur extraction equipment. In the sulfur extraction operation, calcium sulfate—gypsum—is produced. This is to go to the factories which should be built, to be processed into gypsum board, flooring plaster, trim, and other things. Hundreds of jobs would be insured in this way. Others would be created as mid-sized companies in the metal processing industry settle in the area. We hope that these businesses will work primarily in the area of building pollution control equipment. There is an enormous pent up demand here.

[*BERLINER ZEITUNG*] What will these economic structural changes cost, and who is supposed to pay it?

[Steinberg] Naturally, the financial efforts vary between the various individual territories. For example, the rehabilitation of the Thierbach plant will cost a total of DM 500 million. The sulfur extraction alone will cost over DM 400 million. It is different in the organic chemical industry. The costs there are considerably higher. By first estimates, they are running about DM 5 billion. And we still need to produce a substitute for the materials which came from the low temperature carbonizing plants and which we still need. The detergent program, as well as synthetic gas production for hydrogen production in the chemical industry, are depending on those materials. The state will have to finance the short-term measures. Beyond that, we are looking for assistance for the short-term and middle-term from Bonn. For the long-term view, naturally, the financing for such changes must come from the business' profits.

[*BERLINER ZEITUNG*] Energy is part of your ministry now, too. Why?

[Steinberg] Because it is precisely in the GDR that environmental protection and energy closely belong together. For us, the main burden to the environment comes from energy production. This close association is unique in all the world. We produce 82 percent of our energy from lignite. We lead all countries in this. This coal has gotten worse and worse in the last years. Today,

it is made of almost 20 percent ash, 50-55 percent water and 1.5 percent sulfur. The burdens placed by this quality are enormous. In the meantime, we have reached first place in per capita sulfur dioxide emissions as well as in energy consumption per capita. Then there is the dust. The amount of pollution from the energy industry alone is about two million metric tons annually. For that reason, we must drastically reduce the volume of lignite mined and consumed, which is over 300 million metric tons annually. We must use natural gas among other things in its place.

[BERLINER ZEITUNG] What significance does nuclear energy have for you?

[Steinberg] I would prefer to avoid it. However, I am a realist, so naturally I see no alternative for the near future. In any case, however, reactor safety has the top priority. For example, if the proposed Soviet twin 1,000 megawatt block should be installed in Stendal, then only with the most modern Western safety technology. If the government decides that Blocks 3 and 4 are needed, they will be the most modern in the world at the time they are installed.

[BERLINER ZEITUNG] Catch phrase "environmental regulation." Will anything change in this regard in the next weeks?

[Steinberg] Yes. The government will create regulations which guarantee that in a short time, the strictest European standards will be applicable in environmental protection. Those are either the EC limits or the sometimes even more stringent West German specifications. It is already clear that investors wanting to install their "dirty facilities" in the GDR will have no chance.

HUNGARY

Economic Adviser to Prime Minister Antall Interviewed

90CH0167A Budapest MAGYAR NEMZET
in Hungarian 2 Jun 90 p 3

[Interview with State Secretary Gyorgy Matolcsy, economic adviser to the prime minister, by Ferenc Langmar; place and date not given: "To Whom Does the Factory Belong?"—first paragraph is MAGYAR NEMZET introduction]

[Text] From among the economic leaders of the new government, State Secretary Gyorgy Matolcsy, the secretary of the economic cabinet, is the only one regarded by the profession as a reform economist. As he says, he belongs to the group of economists who may be characterized by Laszlo Lengyel and Sandor Kopatsy, or from the monetarist circle by Laszlo Antal, Lajos Bokros, and Gyorgy Suranyi, or from among social scientists by Csaba Gombar or Elemer Hankiss. Quite naturally, we asked the state secretary about alternative solutions to the economic difficulties.

[Langmar] Toward the end of last year you wrote in one of your studies that "the extent to which the new government will be able to lay the foundations during the period of the administrative buildup of the political structure is highly questionable. This should be accomplished, however, for the needed economic turnaround from a professional and personal standpoint so that it can be represented." I guess the fact that you have now accepted this task also means that your doubts have been reduced. What has changed since the end of last year?

[Matolcsy] This was an appropriate theoretical issue at the time, and the same may be asked even today. It is a positive sign that the third chapter of the government's guidelines, which establishes the tasks for the first 100 days, is sufficiently specific so that the government may be held accountable to it, and it shows the government's determination to attack today's ownership structure as reflected in large enterprises. I have in mind the liquidation of the 30 to 40 bankrupt large enterprises, the management of enterprises that owe money to each other, the advance privatization.

Depressed Enterprises

[Langmar] What is behind the term "advance privatization"?

[Matolcsy] It means the initial privatization of domestic commerce, the catering industry, the network of gas stations, the pharmacies, and a few service enterprises that was accomplished before laws were passed in regard to ownership reform, the great privatization that extends to the competitive sector of the economy. It means that part of the economy to which we can attract individual domestic investment most rapidly.

[Langmar] In the course of debate concerning the phenomenon of inter-enterprise debts for which accounts have been overdrawn, certain Hungarian Democratic Forum [MDF] representatives urged that aside from the large enterprises to be liquidated, the rest of the entrepreneurs suffer no losses. Wouldn't it be true that such endeavors hindered the government in realizing its plans to liquidate [the enterprises]?

[Matolcsy] I do not envision such a threat. But indeed one of the basic principles is that the legacy of standing in line should more appropriately burden the large enterprises, the large banks, and even more appropriately the state—which has permitted the situation to deteriorate thus far—than the small entrepreneurs. The MDF and the government intend to strengthen a new middle class, a new entrepreneurial stratum. The basic principle: We should liquidate those 30-40 large enterprises in which the standing in line phenomenon is concentrated, and save the small ones. The previous government did the opposite.

[Langmar] Budgeted funds are needed, regardless of which ones I want to save. Just now the minister of industry and commerce said that state participation is needed in order to put, for example, Videoton or Ikarus

back on their feet. Is this not going to be too much, after all a balanced budget is one of the most critical issues?

[Matolcsy] Yes, indeed it is. My statement will not hold true, if during the first three months the government still prefers to save the large enterprises with the help of budgeted funds. I hope that even if one or two large enterprises constitute an exception—based on an industrial policy consideration to be outlined later—the state will attack the rest, and the burden will be placed on these enterprises, on the banks, and on the budget. And if the related bill enumerates 600 small enterprises that were rescued by this program, then the balance will be favorable.

[Langmar] What does the “attack” on state enterprises mean? After all, opportunities for state interference are limited.

[Matolcsy] Perhaps a better expression than “attack” would be to “put pressure” on. The previous government placed the large enterprises under monetary pressure. We were critical of these measures, because we thought that such pressure would be insufficient, and unfortunately, we were proven correct. This is so, because the shortage of money, like an underground current, resolved itself in the form of standing in line. Another kind of pressure, a pressure exerted by the owner is also needed.

The state must act whenever state property is involved. It must use its available means so that the state enterprises with the largest amounts of accounts receivable—such as the Hungarian State Railroads [MAV], the Postal Service, the Electrical Works, or social security, the tax office, or the large commercial banks—make a concentrated effort to initiate liquidation proceedings against the given firms. The state can issue a directive to that effect.

[Langmar] The government, that is.

[Matolcsy] Yes. Another means would be the [State] Property Agency, which is planned to be placed under government control.

Heavy Legacy

[Langmar] Some malicious people claim that the economic indicators of the first quarter were relatively favorable (and this is less apparent after the fourth month) also because the previous government came into a situation at the end of its mandate in which it deflected certain budgetary and other pressures, a matter it could not do earlier. And when the new government begins functioning, this suspended pressure will fall on it. And of course the consequences of the earlier agreed to sacrifices also await the new government.

[Matolcsy] I would deal with the first quarter results carefully. Just as the record has deteriorated already after the fourth month, it is possible that the situation

will deteriorate further. One should not buy life insurance particularly because of data pertaining to the budget and to foreign trade. Deterioration may evolve primarily as a result of carryover effects, due to unaccomplished tasks like the energy price increase, or, for example Soviet exports postponed until the summer, matters that have been agreed upon already. The anticipated deterioration was included in the budget also on the first of January, but it occurs later due to the changed system. We will have to look at the figures for the first six months, or the first eight or nine months together. It is yet another question whether foreign creditors will view the situation the same way. The International Monetary Fund, for example, says that our first quarter results are very nice, therefore let us harden up a bit. This is totally illusory.

[Langmar] Is there no political force which would agree to this?

[Matolcsy] In part there is no such force; on the other hand, what could we use to harden up with? Price increases? But in today's economic environment price increases would generate inflation, while according to the IMF inflation is Public Enemy Number One.

[Langmar] In the study just mentioned you wrote that liberalization policy went bankrupt, “libero” got soaked, because it was not linked to proprietary reform. At the time, in one of our conversations you felt that by starting out a privatization process individual capital amounting to 100 billion [forints] could be secured annually.

[Matolcsy] I continue to believe this to be true. In looking at the amount of capital that could be secured, one must start out from the fact that in Hungary a minimum of \$1.5 billion is exchanged annually. The official figure of \$800 million in foreign tourism revenues actually amounts to at least three times as much; the rest constitutes private exchange. The question is what part of the corresponding, roughly 150 billion forints could we have committed? And how much of the roughly \$3 billion taken out from Hungary during the past four to five years could we lure back into the country?

This does not amount to much as compared to the total state property said to be worth about 2,500 billion forints. But if we take a look only at the competitive sector, and if we take out of that the state property—the area in which privatization should take place first—because this is the first place where people would put their money, otherwise there is bankruptcy—then we find that the potential purchasing power is noteworthy. Just what part of these funds persons who own foreign exchange would be willing to exchange for property depends on government policy, on confidence, on inflation, on the offering price, and on wage levels also determined by unemployment. I believe that in the case of a thoroughly prepared, properly announced domestic

privatization program which also enjoys the support of foreign capital, the 100-billion-forint volume may be taken seriously.

If we add to all of this a similar size credit at favorable terms, as well as entrepreneurial forms—renting, leasing—of a similar size, then it becomes possible to privatize between 300 billion and 400 billion [forints] worth of state property, and to turn that into entrepreneurial ventures. This is a theoretical upper threshold value. This does not include foreign capital, which could amount to between \$500 million and \$1 billion annually. In this manner the great transition in ownership conditions could be accomplished in the course of four to five years. This would not mean that all the state property would be transferred into private entrepreneurs' or foreign hands, because once privatization begins the entire economic situation will improve; in that moment property begins to appreciate, and real estate, management and the enterprise will be worth more. Incidentally, I believe that state property is worth less today than what certain estimates claim it to be. In my view the value of state property is more or less the same as the state's indebtedness—about 1,300 billion [forints].

[Langmar] To what extent could large enterprises become places to invest for individuals? Loans at favorable terms, and the rest of the benefits burden the state's indebtedness in some form; at the same time, however, the state's domestic indebtedness is one of the most critical points in the long term.

[Matolcsy] State enterprises, or parts of state enterprises may be put to use primarily by the more entrepreneurial workers communities employed there. Aside from them, particularly foreigners could utilize these enterprises. But if we do not insist that factories be purchased by someone, various entrepreneurial forms may become very popular.

[Langmar] But I can render these opportunities desirable if I underwrite both budgetary and people's economy commitments. This can be accomplished in a million forms, starting with the transfer of indebtedness, but a potential temporary decline in exports may also be listed among the expenditures.

[Matolcsy] One of the concepts to be developed this summer holds that state property provides security for the state's indebtedness. Accordingly, it would be logical if we were to privatize only if we transferred the burden of the state indebtedness to the state property. The IMF requires that amounts realized from privatization be spent on repaying the state's indebtedness. And that is why today's state indebtedness must be transferred on to the property that backs that indebtedness.

[Langmar] Accordingly, if I purchase some property I am also buying a part of the state's indebtedness. This may also suggest the conclusion that I receive the property free of charge, if the property is not worth more than the indebtedness.

[Matolcsy] That's how it is, at that point I also must defray the indebtedness. If I lease the property, and if it becomes my property in the course of 10 years, I must achieve a sufficiently large increase in value to cover the burden that was placed upon me. This is the radical and simple management of state indebtedness.

Moody Attacks

[Langmar] We have already talked about the critical budget. The Bridge Group, of which you are a member, recommends that this year's budget be cut, of which more than 10 billion [forints] would be in the form of agricultural and food industry subsidies. I doubt that the government could realize this.

[Matolcsy] I doubt it too; some other solution must be found. One proposed alternative would be to burden the state indebtedness with the amount of housing credits taken out by the populace, and to designate the state property as the backing for that. In this case 50 billion [forints] in the form of reimbursement on interest payments would drop off.

[Langmar] But this can be accomplished even in principle only, if this is immediately followed with privatization burdened by the debts. Otherwise the absolute catastrophe follows.

[Matolcsy] That would not amount to an absolute catastrophe, but the state's indebtedness would increase, a matter no one would permit to pass by.

[Langmar] In conclusion I would like to inquire about something else. Already toward the end of last year you were regarded as the MDF's economic expert.

[Matolcsy] I was economic adviser to the person who later became prime minister.

[Langmar] The MDF and circles close to the MDF launched rather heated attacks on Financial Research, Incorporated, in which you took part. How do you view all of this?

[Matolcsy] This is simple, I believe. Indeed I was an advocate of, and one of the supporters of, privatization initiated by the enterprises, because I felt, and still feel, that in the earlier political structure there was no other way to break down the large enterprise sector. The only way to accomplish this would be the entrepreneurial form based on property managers. This does not involve proprietary reform, but it would result in decentralization, and the expansion of the actors in the marketplace. It was a typical middle-of-the-road solution. I headed this section of Financial Research until the middle of last year. In part the criticism was valid, because a few malformed solutions also emerged. The reason for this is that transformation took place in an uncontrolled environment. But with the evolution of the new political structure it is possible to do other things, such as bankruptcy, proprietary reform, and similar matters.

[Langmar] Accordingly, what would you say, is the critique of Financial Research acceptable or not?

[Matolcsy] These attacks are inspired by mood; they are exactly the same as when, for instance, the MDF was accused of being anti-Semitic....

Revised Bridge Group Study: Likely New Economic Policy

Group Changes Recommendations

*25000733G Budapest NEPSZABADSAG in Hungarian
17 May 90 p 5*

[Article by Zsuzsa Gal: "The Naughty Group of Free Thinkers"]

[Text] The Bridge Group has announced a changed economic program proposal, journalists were told by Bela Kadar at the National Planning Office. The ideas contained in the most recent study are worthy of consideration, because the economic policy part of the Jozsef Antall government program will at least be closely related to the proposals made by the Bridge Group, we were told. This is supported by the fact that from among the so many outstanding members of the group, minister designate Bela Kadar conducted the press conference.

Bela Kadar characterized the Bridge Group established last year as the assembly of independent experts which enjoys the greatest confidence of opposition parties. Initially the Group received financial support from Gyorgy Soros, and undertook to develop a short-range economic program for the government that will take office in the future. The Group, Kadar said, is not a strictly controlled, highly disciplined ensemble, but is an assembly of free thinking—on occasion licentious thinking—naughty researchers. One cannot recall any intellectual workshop in which a person has been able to mold the intellectual products of abundantly imaginative researchers into a single scheme, Kadar said. The Bridge Group has not undertaken this task either, therefore it indicates in its studies that individual members of the Group hold different positions in regard to specific issues. The government will make decisions based on its own standards; the Bridge Group intends to call attention only to the threats, and to opportunities by which danger may be avoided.

The government agreed with the proposals prepared in December, but, claiming insufficient time, it did not make substantive decisions regarding the recommendations, except in regard to proposals concerning interest rates and restrictive measures relative to trade subject to settlement in rubles.

Thereafter the Bridge Group continued its work, even more so because certain economic changes may be observed this year which designate new dimensions for the government taking office. From among the unfavorable changes Kadar underscored the increased rate of inflation and the deterioration of the budget, and placed

heavy emphasis on the threat of recession that has been gaining strength for more than six months. The Bridge Group does not intend to avert these threats with just any kind of general economic expansion, but wants to at least slow down the trend with clearly defined, well targeted measures. The Group's recommendations concentrate on the expansion of competitive export supplies, because the Group believes that export subject to settlement in dollars is the brightest spot in the Hungarian economy. Kadar noted that maintenance and the strengthening of export orientation may become the chief propellant for economic evolution.

In conclusion Kadar stressed that both the December and the May recommendations made by the Bridge Group observe [the requirement] not to divert Hungarian economic policy from tasks related to the transformation of the economic model, its functional order, and the growth course and system of economic relations.

Summary of Revised Recommendations

*25000733G Budapest NEPSZABADSAG in Hungarian
17 May 90 p 9*

[Unattributed article: "Bridge Group Recommendations: What the Government Should and Should Not Do"—first paragraph is NEPSZABADSAG introduction]

[Text] The Bridge Group, composed of economists who hold various viewpoints, completed its second report this week. It contains the most important tasks to be performed by the new government. The following is the closing chapter of the study.

The Bridge Group believes that many existing concepts have not matured. The new government should not even include these in its program. From among these, the most important ones are the rearrangement of agricultural proprietary conditions in a manner that would not involve the provision of documents issued by the state, but would instead grant authority to local land committees. This would result in a more restrictive system than the present system applicable to land sales. The economy as a whole cannot be liberalized, as long as the agricultural sphere is developed on an equitable basis. The traditional exporting role played by that branch cannot be sustained even in the short term.

Privatization is one of the most important medium-range tasks of the government. This year it would be appropriate to take state action only against the 40 chronic insolvent enterprises. At the same time, the system of self-declared bankruptcy, effective beginning in May, should be implemented with unchanged deadlines and in an unchanged form despite protests by the Hungarian Economic Chamber and part of Parliament.

Even if one counts on a protracted and general recession it is not appropriate to implement measures that provide incentives for production; on the other hand the already exhausted employment and new start funds should be

replenished. An urgent decision is also required with regard to the energy price increases postponed by the Nemeth government, underscoring the fact that the related promise to the International Monetary Fund was made by the Nemeth government.

The fact that the state household will never again draw on the economy is the precondition for a market economy. This means that even in the short term, redistribution should be reduced by between 10 and 15 percentage points. The sphere of movement available to entrepreneurs may increase only by similar proportions. International solvency and the relative balance of the state household demands that the government abstain from large-scale economic ventures; no watchword should prompt the government to initiate new, large scale programs. A majority of the Group believe that the World's Fair should be regarded as [a new large-scale program not to be undertaken by the government].

For the time being the government will not be able to reduce taxes, because its existing obligations already require a reduction of tax benefits, moreover: a tax increase. The government must not use as its starting point the idea that its predecessor has left behind a settled state household; short of supplemental measures, a 50-billion-forint deficit expected to materialize by the end of 1990 urgently necessitates the preparation of a supplemental budget.

It is not appropriate to "settle" issues pertaining to the foreign trade balance by way of a one-time devaluation this year. This would contradict the goal to harness inflation, would enhance the conservation of the least efficient exports, and would threaten with a continuous devaluation spiral.

Prior to implementing state household reform measures, and prior to adopting a new social security model, the government should not commit itself to itemized payments—irrespective of what kinds of injuries may be remedied by such payments—because at present the retraction of promises is on the agenda. These promises were called socialist achievements previously, but were never kept.

It will not be impossible to finance the country, provided that the budget and Eastern trade are controlled. For this reason one should not concentrate on alleviating the indebtedness, but on making regular payments, and on the immediate, significant increase of the ability to export and to significantly increase performance.

The government cannot count on being able to bargain better conditions with the Soviet Union as a result of a more combative negotiating conduct than that manifested by its predecessor. For this reason the government should abstain from irritating the Soviet partners, for example by urging the acceleration of Soviet troop

removal, in the course of renegotiating economic agreements, and by making demonstrative exits from cooperative organizations. Hungarian interests must be represented in a different form, for example by initiating changes in the basic documents.

The new government must avoid making compromises, such as those which characterized the workings of its predecessors. A real market economy and a change in the external economic direction may be regarded as the starting point.

(1) By taking firm steps, the government must prevent the increase and reproduction of enterprises that owe debts to each other. In addition to the bankruptcy law which has been redefined this spring, the chief means by which this can be accomplished in a concentrated stand guided by the government against those who have [developed a record of] chronic nonpayment, as was recommended in the previous study issued by the Bridge Group. (The Office of Taxation, social security, the Hungarian State Railroad, and public service providers must be directed to do so.)

(2) The system by which enterprises establish themselves as owners, which has failed in practice, must be discontinued immediately.

(3) In June 1990 we must reach an agreement with CEMA partners in regard to a market cooperative model based on free foreign exchange; the form that uses clearing payments and trading houses should be avoided. The internal mechanism for transition should also be developed.

(4) The fight against inflation must be declared the number one task. In order to provide credibility to such a declaration, positive real interest rates on deposits must be established. A short-term program must be established for the reduction of public expenditures.

(5) A report is needed in regard to the status of the state household, the progress made in reforming the state household, and the most important tasks.

(6) With the establishment of a cartel and competition office, and with the promulgation of a law on competition, a broadly based attack must be launched to break down regional price and other cartels, which bloom despite existing legal provisions.

(7) A government program for privatization must be developed. Implementation of the program must be started this year with noticeable results within domestic commerce and foreign trade, the catering industry, foreign tourism, and the service provider sphere.

(8) Deregulation must be continued.

(9) Development of the new foreign exchange code is of particular importance. It must be prepared in parallel with the law concerning the Central Bank, and must be submitted to Parliament this year.

(10) A program providing incentives for entrepreneurial activities must be formulated, one that includes a system of means by which small enterprises are protected and supported.

(11) Within possible limits, based on a consensus, the reform of large income redistribution systems must be developed. This applies mainly to social security. These systems should consist of a combination of basic support provided by the state, mandatory insurance tied to wages, and private insurance.

Economic Relations Minister Designate Kadar Interviewed

25000733G Budapest NEPSZABADSAG in Hungarian
17 May 90 p 5

[Interview with Bela Kadar, minister designate for international economic relations, by Zsuzsa Gal in Budapest on 16 May: "Bela Kadar: Relax and Hold Tight"—first paragraph is NEPSZABADSAG introduction]

[Text] Following the [Bridge Group] press conference, reporters from NEPSZABADSAG, the MTI [Hungarian Telegraph Agency], and MAGYAR HIRLAP tried to interview Bela Kadar as the future head of the Ministry of International Economic Cooperation, but in reference to the title the professor responded only by saying "no comment." He readily answered our questions, nevertheless.

[Gal] Are import liberalization policies going to continue?

[Kadar] Obviously, the government will stick to its earlier statement of intent, according to which import liberalization applicable to 65 percent of products will be increased to 80 percent next year. Preserving the honor of the country demands that.

[Gal] Would economic streamlining not demand the same?

[Kadar] Yes, it would, and so would the change in course, the change in model, and the change in partners. But it would be too early to tell what conduct is most appropriate in regard to ruble exports, because we are facing serious negotiations, in the course of which we must learn the intentions of our partners and their potential sphere of action. The optimum ratio in terms of relaxation and holding tight may be established thereafter.

[Gal] Are you taking staff members from the institute with you to the ministry?

[Kadar] I have not had a chance to develop detailed plans, because this honor was conveyed to me only recently.

[Gal] Exactly when?

[Kadar] Yesterday.

[Gal] Didn't you have previous negotiations with Jozsef Antall?

[Kadar] Mr. Antall is familiar with my views concerning the external economy and economic policy in general.

[Gal] Is he aware of these based on your publications, or on personal discussions?

[Kadar] I do not know whether he has read my publications; in recent weeks he has honored me several times by expressing interest.

[Gal] Did you know each other from before?

[Kadar] No. I saw Mr. Antall for the first time in recent weeks.

[Gal] Did he seek you out?

[Kadar] Of course.

[Gal] Have you worked in government administration before?

[Kadar] I had a small adventure with government administration. Following graduation from the university I started at the Hungarian National Bank [MNB] at the foreign exchange directorate headed by Janos Fekete. Thereafter I spent two years with a foreign trade enterprise, and from then on I have an unbroken record of being a researcher: For a quarter of a century I served at the Hungarian Academy of Sciences as a chief associate, division director, and as scientific director, and I was asked exactly two years ago to take over the leadership of the Planned Economy Institute. Along with this I taught history and descriptive grammar for 11 years in the Spanish department as part of the philosophy faculty. I also taught in South America. I am a global economist, but I have a small hispanic bias dating back to my younger years: My initial publications were related to that. In them I tried to convey the various crimes of the Hungarian economy and the sins of decisionmakers.

[Gal] How will you start directing the ministry?

[Kadar] By defining the tasks, which is not easy because the direction of the external economy is as fragmented as possible. CEMA integration was handled at the level of a deputy minister, mercantile trade was dealt with at the Ministry of Foreign Trade, while credit matters were administered in the framework of the MNB monopoly. The importation of operating capital was handled somewhere else; in earlier days the Ministry of Domestic Commerce was in charge of foreign tourism.... Hungary is the fourth most sensitive country in the world in terms of the external economy. Unified direction, a unified stand vis-a-vis the outside world, is an absolute requirement here. If a soldier is told that tanks, infantry, artillery, and the air force will be deployed independent from each other he will either suffer a stroke or laugh out loud. In Hungary, however, this was the case as far as the

external economic order was concerned. The Bridge Group also recommends the unified direction of the external economy.

Old Regime Bureaucrat Handles Transition

25000733G Budapest NEPSZABADSAG in Hungarian
17 May 90 p 8

[Interview with Peter Balazs, chief division director [ministry not named], by G. Zs.; place and date not given: "This Is How a Ministry Is Prepared"—first paragraph is NEPSZABADSAG introduction]

[Text] Professor Bela Kadar will head the Ministry of International Economic Cooperation—the ministry whose name can be neither remembered nor pronounced. On the other hand, present State Secretary Imre Dunai charged Chief Division Director Peter Balazs with the function of transferring and receiving the present organization. We asked him:

[G.Zs.] What is your task actually; what does it mean to transfer and to receive?

[Balazs] At first we must designate the outside limits of the new ministry, i.e. we must reconcile with other ministries what kinds of functions we will yield and what others we will take over.

[G.Zs.] What functions are these?

[Balazs] We will part with domestic commerce, a task that is not so simple, because our training, personnel, and other affairs have been strongly intertwined already. We are taking over from the National Planning Office and from other organizations certain functions that are implicitly related to the fostering of international economic relations, for example, the presently separate organization and functions which specialized in maintaining CEMA relations. The first step is to assemble the functions and to mark the borders of the lot.

[G.Zs.] And the second step?

[Balazs] Building the in-house organization. We are forming three large blocs: one dealing with international economic relations, another with economic analysis, and a third which will be functional. The details of these will have to be decided by the new minister. And the third step which will result in the personal consequences of this decision will have to be taken by the new leadership of the ministry.

[G.Zs.] Accordingly, you are not involved in matters pertaining to personnel.

[Balazs] I am only preparing a map for the leadership, one that will show where everyone sits at present, who is eligible to receive a pension, who could be retired early.

[G.Zs.] So you will work with a reduced force.

[Balazs] We are counting on about 500 workers in the ministry.

[G.Zs.] That's not small either. Do you have any perception regarding the work content of this ministry?

[Balazs] Of course we do. We are building an organization that befits a multi-actor pluralistic market economy. We are counting on several thousand enterprises and private entrepreneurs exporting goods and services, and transferring capital.

[G.Zs.] Will they have to apply for licenses in order to export and import?

[Balazs] Without that the implementation of economic policy becomes uncontrollable, but licensing will take place at lightning speed and will be transparent. Importers will not throw their applications in some kind of a black box, they will be aware of the exact licensing conditions. This is how the system will comply with General Agreements on Tariffs and Trade [GATT] requirements.

[G.Zs.] This is clear, on the other hand it is not clear how a present state secretary can assign you to organize a ministry that is not yet headed by a minister. Was your assignment perhaps confirmed by Bela Kadar?

[Balazs] He did not do so officially; he could not do such a thing at this point. Considering, however, that I have been working for long periods of time with Bela Kadar in Brussels and elsewhere—on occasion I was his boss, on other occasions he was mine—and since we are also linked by friendship, I could say that I am performing my function based on informal consultation with the new leadership.

Another Kadar Interview

25000733G Budapest NEPSZABADSAG in Hungarian
24 May 90 p 8

[Interview with Minister for International Economic Cooperation Bela Kadar, by Zsuzsa Gal; place and date not given: "No Cookbook for Ideal Governance"—first paragraph is NEPSZABADSAG introduction]

[Text] It is likely that until most recently Bela Kadar was known to more people abroad than in Hungary. The new minister claims to be a global economist. He lectured in the philosophy department of the Lorand Eotvos University of Sciences, and served as an associate, division head, and later as director of the Hungarian Academy of Sciences, Global Economic Research Institute. As such he frequently made presentations at international conferences and at European and South American universities. His publications also reflect a sovereign outlook independent from politics. Consequently they are read more broadly and are better known abroad. When he received me as minister designate, but still in the director's room of the Planned Economy Institute, my goal was not so much to learn what he was planning to do as a government man. I wanted to find out how an independent thinker fits into the bureaucracy of state administration instead.

[Gal] How will the entirely different practice of your scientific outlook and your activities in the ministry become synthesized, or alternatively, clash?

[Kadar] I could make some kind of a statement of intent, but one cannot get too far with that. Your question will be answered by practice. In any event, I believe that it does not hurt if the head of a ministry spent a few decades observing the practice of governance as pursued in other countries, and found out what kinds of positive or negative conclusions may be drawn. Because [this kind of experience] can at least help reduce the number of wrong paths and erroneous decisions that may be chosen or made in any country. Accordingly, it does not hurt if a person has some idea of how governance should be, or should have been accomplished, if a person has at least a vague idea of the track he should start out with, of the management techniques that worked or did not work under similar conditions.

At the same time I do not believe for a moment that everything will change all at once just because I have been honored with this appointment. In the course of human life there are always noble, enthusiastic starts; thereafter one either succeeds in improving matters, or the opportunities for improvements are small. I cannot produce a cookbook from anywhere on what ideal governance should be like in Hungary today. Equally, I do not know the value of arguments as applied to researchers if they say that okay, you know many things, but you have never tested your knowledge in practice. Just as I do not know whether the practice of governance one could acquire in Hungary during the past decades would be of sufficiently great help in taking the curves during the 1990's.

Intuition Is Needed

[Gal] What you have to say is convincing, and yet doubts remain concerning the possible synthesizing of science and governance.

[Kadar] Look, abroad I am being classified as an economist oriented toward practice. In all my life I have been interested in matters that are not so scientific, therefore my specialized knowledge is hard to fit into econometric approaches. According to my philosophy, governance represents specialized administrative knowledge, technique; nevertheless, in the final analysis governance shifts somewhat in the direction of being an art. Art may be approached by way of the characteristic of proportions, even though this approach is not fashionable in today's world. Accordingly, intuition is needed—and good luck to succeed, plus a large mass of favorable external factors—but it still does not hurt if one relies on specialized administrative knowledge and knowledge related to the greater world. That usually helps.

[Gal] On the list of ministers you are designated as an independent; accordingly, you do not represent any of the parties. As far as one can tell, you have never

attached yourself to any group of economists, you did not take part for instance in authoring "Turnaround and Reform."

[Kadar] Some 20 or 30 years ago I also knew what should be done for rapid redemption, but I attributed more worth to adhering to the free formulation of my own opinion. This is why I never joined any party or grouping. I usually sustain my views even if I represent the minority view, independent from what is fashionable at a given point in time.

[Gal] Does this mean that you also stay away from politics?

[Kadar] Some areas of politics interest me. Domestic politics, although it keeps me intellectually occupied, does not preoccupy me particularly.

One Can Only Slide Down Without Imported Capital

[Gal] Let us change the subject and talk about things to be done in state administration. As you told NEPSZABADSAG earlier, you are organizing a ministry which embraces the whole of international economic relations, including the transfer of capital and foreign tourism. What consideration guides you in this regard?

[Kadar] The new growth course of modern national economies is characterized by the fact that services develop faster than the production and sale of physical goods. This phenomenon also appears in international economic relations. While in the 1960's services amounted to between 10 and 15 percent of global trade, today it amounts to between 27 and 28 percent. Viewed from another vantage point, small countries are generally disadvantaged in terms of industrial mass production, therefore their international mercantile trade is usually unbalanced. They settle their mercantile trade deficits in part by exporting services. Ten or twenty years ago one could have regarded the fact that Hungary had neither a strategic concept nor a governmental organizational framework for this as a permissible luxury, but this situation is no longer tenable today. The time has come to change this situation.

[Gal] Your ministry will also deal with the importation of operating capital. Why?

[Kadar] A country becomes more attractive to foreign operating capital the moment the obstacles of a customs duty, and of other character disintegrate in the path of mercantile and service trade. This is particularly true when differences in the size of per capita gross domestic product are great between partner countries, and consequently, the differences are also great in regard to wages and return on capital. On the other hand: Today it is virtually impossible to modernize in the absence of external financial and technological resources. A country at a medium level of development which does not import technology and capital will slide down on the international ladder of ranking. This is what took place in East

Europe. Capital flow among developed capitalist countries today amounts to \$60 billion annually. In the course of 16 years, prior to the end of 1988, only \$300 million in operating capital entered Hungary, and by the end of 1989 this volume increased to \$620 million. If by the end of 1990 the influx of new capital will reach a level of between \$500 million and \$700 million, this will amount to one percent of the annual global volume, which would place Hungary in a decent position.

[Gal] What can the ministry do to accomplish this?

[Kadar] This matter has an economic aspect. One could think of an operating capital import agency that is subordinate to the ministry. It would provide reliable information to investors in a concentrated fashion. Thus the unfortunate situation in which an interested person must search for weeks for a person to negotiate with, or for the basic knowledge of the areas of the national economy in which and the conditions by which he can invest, would not exist. Accordingly, this would be a service to help partners find each other.

The ministry would have to place the importation of operating capital in the framework of the action and balance system, of which this would be an important element. South American countries at medium levels of development similar to Hungary or Third World countries make the importation of operating capital an organic part of their external economic strategy. Modern technological and production capacities which later produce goods which can be sold in foreign markets and are competitive, may be obtained most easily as a result of foreign investments.

Diplomatic or Foreign Trade Representation?

[Gal] Your ministry is strongly affected by the debate that has evolved around the issue of whether there is a need for simultaneous foreign ministry and foreign trade representation in partner countries. What is your view?

[Kadar] One finds these parallels throughout the government system. In a dictatorship the centralized power is afraid to grant independence to individual subordinate systems. For this reason the subordinate systems control each other back and forth. This may be found in the army just as in secret services, i.e. particularly in organizations that may threaten the power structure. Hungary's foreign representation was funded in part by the Foreign Ministry, and in part by the Ministry of Foreign Trade. This prevented Hungarian foreign representation from acting in a unified manner, and frequently led to a point when these competitors discredited Hungary abroad.

[Gal] What should be done? Which ministry will be the bigger fish? The one that eats the smaller one?

[Kadar] This matter must not be turned into a ministry prestige issue. Hungary must be represented, and one must decide in what form that should be accomplished in each country. It makes no sense from the standpoint

of Hungary to maintain in some not overly significant African or Latin American country both an embassy and a trade office, and that the two offices keep busy in such countries debating which one has the authority to do or not to do something. For example, a single person could perform all the functions in Uruguay or in Chile. Since Hungary is a small country, and does not nurture great power ambitions, and its security policy interests do not conflict with this, one could, in my view, accept the idea that the ambassador should be an economist at posts of great external economic significance. Obviously in Washington or in Brussels the requirement would be different: One need not be competent in doing business, but one should be competent in pursuing economic diplomacy. This can be settled on the basis of equity and professionalism in such a manner that there will be no institutional rivalry like the one we had before. This is the way I see it today, but it is possible that I will modify my position once I look around more thoroughly.

Making a Presentation Is an Intellectual Adventure

[Gal] Finally, one more personal question. Do you believe that while holding the rank of a minister you will be able to continue with your scientific presentations abroad?

[Kadar] There are situations in which an internationally accepted member of the intelligentsia has an easier task in illuminating a certain international aspect of view than the minister. For example, if the minister takes a position at an East-West conference, that position will not necessarily have the same effect as if the same thing is presented by the same person in the capacity of a researcher. On the other hand, I would like to continue making presentations abroad. It is a pleasant intellectual state of mind if a person is able to compare himself with his foreign colleagues, hoping that he will finish well in the match. For a person like me this kind of thing means much more than many other successful adventures.

Many Reclaim Their Land; Land Offices Experience Problems

Offices Complain of Too Many Inquiries

25000734A Budapest NEPSZABADSAG in Hungarian
11 May 90 p 5

[Interview with Laszlo Tompo, head of the Budaors land office, by Sz. P.; place and date not given: "The Land Office Can No Longer Withstand the Siege"—first paragraph is NEPSZABADSAG introduction]

[Text] Former owners are already flooding land offices to receive verification of their property [ownership status] of 1947 at this time, consistent with the Smallholders Party [Independent Smallholders, Agricultural Workers, and Citizens Party—FKgP] program. The voice of Laszlo Tompo, head of the Budaors land office, trembles somewhat when he recalls his battles with the army of former owners.

[Tompo] "We have three offices altogether, and two of these are located in Budapest. Between 500 and 600 clients drop in at the Guszev Street office, while at Bajza Street between 600 and 700 clients appear a day. Most of them inquire about their former land property and request copies of their records in the land register. We are not prepared to do this, and in a majority of the cases we were unable to deal with former land records. We are not prepared technically to manufacture copies by the hundreds. Among the inquirers there are many firms with a foreign investment share; these would like to have a guarantee that the property they purchased will not be re-requisitioned."

Only those who are able to explain why they need a copy of the document contained in the land register receive one, in lieu of a fee. If the reasoning is acceptable and the dues are paid, they will find the document and hand it to the client. But thus far, in general they have prepared such copies only in individual cases, such as in relation to contested cases, and they continue to follow this practice.

[Sz.P.] "Do you have all the property records?"

[Tompo] "It depends on the office. There are places where they maintain order, and there are others which did not have the records when they were transferred in 1972, when land records were transferred from the county district courts under state authority and an itemized transfer would have been out of the question. And then the archives are also different; usually they are in basements where documents can get damaged with the passage of time. This is why much more patience is needed, but the inquirers are not always patient; on the contrary..."

[Sz.P.] "Is this why you went on strike in December?"

[Tompo] "That was not a strike, but on 4 December all land offices were closed to clients throughout the country, for a single day. We wanted to call attention to our miserable working conditions. Since then, these circumstances have further deteriorated because of the inquirer's invasion."

Five-County Survey

25000734A Budapest NEPSZABADSAG in Hungarian
16 May 90 pp 1, 5

[Article by Peter E. Kovary, Aranka Rehak, Istvan Tanacs, Ferenc Hajba, and Tamas Ungar: "Trip Around the World; The Number of Persons Reclaiming the Land Varies From County to County"]

[Text] It appears that the storm surrounding the land issue is not abating. In some places belligerent petitions are being drafted, elsewhere they decide to pursue more peaceful solutions. Understandably, the number of people visiting land offices has increased. Reports filed by our Bekes, Baranya, Győr-Sopron, Borsod-Abaúj-Zemplén, and Csongrad County reporters reveal

that the number of people reclaiming the land they contributed to producer cooperatives varies from county to county.

Bekes

A large number of people turn around in the Bekes County land office; most come only to inquire; they request copies of their deeds to land, according to our county reporter, Peter E. Kovary. But the number of those who make a specific claim to their property is far less for the time being than what was expected. The explanation for this is that last August the Bekes County organization of the FKgP announced its agrarian program, and, based on this, immediately began "recruiting" persons who wish to reclaim their land. They printed forms and distributed them to FKgP local organizations where they began completing these forms. In Bekes County the FKgP is present in all but two municipalities.

According to the latest tally, the FKgP has collected more than 20,000 completed forms in the county. Thirty-five percent of the claimants are people whose name still appears on land deeds transferred to producer cooperatives. The great majority, however, is composed of claimants whose land has been redeemed in the meantime. The FKgP regards such redemption as null and void. It is preparing its land law consistent with this concept. They will begin organizing their land settlement committees next month already, with the participation of the various parties, the state administration, the producer cooperatives involved, and representatives of the local populace.

Even if only sporadically, parceling of the land is taking place in producer cooperatives for persons whose land claim may be regarded as legitimate based on present rules. As a general rule, no more than eight or ten rightful owners have appeared thus far in individual cooperatives. But those whose land was redeemed earlier find no recourse either at the land office or in court, pursuant to the land law now in force.

Borsod-Abaúj-Zemplén

Claimants are not standing in line in Borsod, Laszlo Majoros, head of the county land office, told our county reporter, Aranka Rehak. The land office chief explains a lack of interest by the fact that the soil is very poor mainly in the northern part of the county. No one wants that land. Even at this time they have a few hectares of reserve land under council management. At the same time, the producer cooperatives increased the household farming area from one hectare to two hectares as soon as the air surrounding the land issue became heated, thus forestalling many claims.

At most 10 pieces of property have been transferred thus far; in one or two instances the cooperative member himself requested the return of his land, while in the rest of the cases people claimed the inheritance left to them by their parents. No requests were rejected, but every

day several people inquire about the possibility of reclaiming their long time land, house, shop, or workshop, and many test the ownership rights of property taken away from Jews in 1938.

We will satisfy any request without further ado if the claim is just, and what is just is defined by the laws presently in force, Majoros said. Quite naturally, we check whether the transfer took place consistent with law. We did not yet have a disputed issue which would have required us to go to court.

Csongrad

The siege by land claimants has been going on at the Csongrad County land office ever since last November, and it is gaining strength, according to our county reporter Istvan Tanacs. As office manager Ferenc Toth told us in response to our inquiry, on occasion several hundred clients appear daily inquiring about their former land. Many do not even know what happened to the land their families owned. They are able to provide the appropriate information to those entitled to reclaim their land based on existing law. The concern is much rather the fact that many will become entitled to reclaim their former family land only on the basis of a yet to be established land law. Citizens were not too careful with the preservation of old documents, and land office records are not always accurate and accessible either. There are pieces of land for which they must search for days in the old records.

We asked Ferenc Toth to what extent his staff is able to keep in step with the claims. He said that already at this point they have great difficulty. Although promises for increased staff were made, this is not so simple: Work at the land office requires expertise and experience, and even novices with degrees can acquire that only with the passage of much time. Thus, they are unable to make better progress than is made possible by the number of trained persons available. They are thinking about calling in retired former land office employees still capable of working, and freeing the trained staff in the office from work that requires less expertise, so that the backup of land claimants may be as small as possible.

Gyor-Sopron

Ferenc Hajba, our county reporter, asked Nandor Toplak, the division head of the Gyor-Sopron County land office, whether the descendants of persons from whom land was taken away after 1945 on the basis of some legal provision, are reporting to claim their land.

For the time being only the heirs of the former owners are inquiring, according to the division head. The situation is made more complicated by the fact that a large part of the land is no longer state property. During the 1960's cooperatives redeemed these lands from the state, at a price of 10 forints (!) per gold crown value. People who inherited land after 14 February 1990 [as published] may have their land returned. The rest cannot, at present.

The situation is chaotic and unclear if one examines the land ownership rights of persons who left Hungary illegally. Several of these receive dual citizenship, thus they may also buy a vacation home in Hungary. But to initiate proceedings to reacquire the land they once owned still requires permission from the Finance Ministry.

Most of those who inquire in Gyor-Sopron County about the possibility of reclaiming their land reside in Austria, and are primarily Hungarians who left in 1956.

Baranya

At the Baranya County land office they are aware of the sale of 2,937 hectares of cooperative land. Our county reporter Tamas Ungar said that of this land 2,896 hectares were sold by the Uj Barazda Cooperative, located in Mohacs, to its members. Almost 400 members of the Uj Barazda Cooperative, which has 10,500 hectares of farm land, bought land. The average price of the land valued at 35 gold crowns was 10,500 forints per hectare. Members must pay this price in the course of ten years. The cooperative's leadership regarded this method as the most rational and most honorable way to permit its members to acquire land. In the vicinity there remained another 3,500 hectares of land for those who wish to file claims, and the Uj Barazda leadership regards that much land as sufficient to satisfy the needs. In addition to this, 41 hectares of dispersed pieces of land not suitable for large plant cultivation were sold by cooperatives. The size of these pieces of land ranged between half a hectare and two hectares.

According to information received from the Baranya County Council agricultural division, cooperative members announced their intent for the removal of some 200 hectares of land from the cooperatives. These lands are in common use and constitute private property. There will be no obstacle in the way of this, it seems.

Disbanded Cooperatives

25000734A Budapest NEPSZABADSAG in Hungarian
21 May 90 p 4

[MTI [Hungarian Telegraph Agency] report]

[Text] The Hajdu-Bihar County organization of the FKgP debated the proposed land law at a county-wide meeting in Debrecen, Saturday. The participants—city and municipal party organization leaders—unanimously supported the return of land property based on the 31 December 1947 conditions and the regulation of land use based on private ownership.

Participants expressed approval of a section of the legislative proposal which states that cooperative ownership ceases to exist on the effective day of the land law, thus rendering all producer cooperatives as automatically disbanded. At the same time they affirmed that the FKgP is not against cooperatives; it supports the voluntary association, and cooperative efforts of land owners.

POLAND

Commercial Ventures in Poland Detailed

90ES0924Z Paris LES ECHOS in French
22 May 90 p 5

[Article by J.-L.V.]

[Text] French firms beginning operations in Poland last year were 10 times less numerous than their West German competitors. But catching up should not be difficult at all, seeing that the 886 foreign joint ventures started in 1989 represented an average investment of only \$140,000. And some of them, as Polish authorities now point out, were aimed primarily at benefiting from the advantages granted to joint ventures as compared to local firms.

The changes in the law that were adopted by the Mazowiecki government at the end of 1989 corrected that problem while leaving two important advantages for joint ventures: elimination of the tax on profits for the first three (or even six) years and the possibility of repatriating 85 percent of their profits in foreign currency. Questions remain, however, particularly as regards conditions for the privatization of Polish firms and a number of practical management problems that are crucial to the profitability of the projects.

Bull: This computer manufacturer is fighting to win a contract worth an estimated Fr180 million from the Polish tax administration. Obtaining that contract to supply 367 minisystems and 5,650 workstations would put the French manufacturer in an excellent position to supply the many other government departments and organizations needing to modernize their computer systems. But IBM and the U.S. Government are putting some very heavy pressure on Warsaw.

Rhone-Poulenc: This chemical manufacturer's sales in Poland amount to about Fr250 million annually (pharmaceuticals and pesticides), and its purchases from that country (consisting of basic materials, primarily sulfur) total Fr120 million. A framework trade agreement valid until 1995 has been signed. The French manufacturer has long imported plasma from Poland, and that fact has given rise to a Fr180-million project for establishing a joint venture to build a unit capable of processing 200,000 liters of plasma annually. Other projects include a joint venture (in which Rhone-Poulenc would have a 60-percent interest) for building a plant to manufacture medicines. That plant would reportedly begin producing in 1991.

Thomson: TCE [expansion not given] has a very advanced project for a color television factory that will be a joint venture with Poland's largest color TV manufacturer, Unimor (in Gdansk). Following the first three phases of this project, the company would be producing 300,000 sets per year, a quantity that could be increased to 500,000. A decision may be reached as early as June. Other projects include one calling for Videocolor (a

subsidiary of TCE) to produce cathode ray tubes in a joint venture with Polcolor. And a joint venture with Zarat would produce TV and FM transmitters. Thomson-SDC is also thinking of supplying airport radars and air flight control equipment in cooperation with Radwar. This project is estimated at from Fr50 million to Fr60 million. But Westinghouse of the United States has an inside track with Polish technicians.

CGE [General Electric Company]: Although defeated by AT&T in Warsaw, Alcatel is still hoping to be selected to produce telephone exchanges locally. For its part, the Lyons Cable Company is working on plans for a telephone cable plant (Fr180 million) in cooperation with the combine in Lublin, which operates a copper mine.

Saint-Gobain: This group is planning to set up a glass factory in cooperation with the combine in Sandomierz. But the size of the investment (nearly Fr1 billion in all) is such that a lot of time will have to be devoted to thinking it over.

Thion: Energy conservation is one of Poland's chief concerns. Thion, which specializes in urban heating, has just signed an agreement covering modernization of the networks in Gdynia, Szczecin, and Lublin. Improved controls may lead to a 25 percent savings in coal consumption. If successful, the operation might be repeated in many other large Polish cities.

French Cement Company: Also in connection with energy conservation, the French Cement Company and the cement combine in Kujawy have signed an agreement for modernizing a wet-process plant. The Ministry of Industry would like to extend that experiment to other cement plants, since the savings could amount to as much as 800,000 metric tons of coal per year. The ties being established here may be useful in the future, since the French Cement Company is prepared to acquire one or more Polish cement plants under the privatization program.

Usinor-Sacilor: The French iron and steel maker is offering to modernize the former steel works in Nova Huta through a deal to install a continuous-casting machine in cooperation with the project development firm of Clecim.

YUGOSLAVIA

Need for Rebalancing of Federal Budget Seen

90BA0168A Belgrade EKONOMSKA POLITIKA
in Serbo-Croatian 11 Jun 90 p 19

[Article by Gr.: "A Threatened Breach"]

[Text] Taken as a whole, there are no great problems with the federal budget. By contrast with the budgets of the republics and provinces, it contains no "drastic" overruns of projected revenues and expenditures; during the first five months what was planned has been fulfilled at a level slightly higher than 100 percent. But this

passing grade does not mean that all the pitfalls have been avoided, since unplanned changes are "occurring" within certain of the budget's expenditure and revenue items, and they are making rebalancing necessary.

There have been the most problems with benefits for disabled veterans, because entitlements of those receiving preferential military pensions were increased without additional funds being envisaged in the budget for the increased expenditure. For that reason, a specific method of obtaining the funds was used: a larger amount was obtained by "exhausting" the funds planned for certain purposes for the first three quarters.

But this still cannot explain how additional amounts were obtained. Nevertheless, from what Savo Markovic, assistant federal secretary for finance, said in the assembly budget committee we can conclude that the additional funds for certain budget purposes were obtained by redistribution from other budget items, judged at this moment to be less important. And the "consolation" left them is the fact that their rights have been covered in a way since the method of transfers between items under the same heading was used, without changing the amount for the general item.

Obligations not calculated into the budget have also been created in connection with interventions in the economy. This has to do with additional funds to support the newly introduced rebate on interest for credit covering exports of capital goods, but also to meet old legal obligations based on the rebate in agriculture, which increased greatly because of the larger base on which they are computed (unrestricted prices). There is something illogical about the latter rebate. After all, as Branka Trivic has said, rebates of interest on credits to cover inventories (about 20 percent of the value of products) and the free setting of prices are things inconsistent with one another.

As for the YPA [Yugoslav People's Army], here again there are demands for additional expenditure beyond what was planned, since the Army is demanding that it be furnished funds in a larger proportion than afforded it by the projected share of 4.6 percent in the national income. The Army is demanding an additional 2 billion dinars to cover obligations left from the previous year's budget, which they document with obligations created to suppliers which they cannot discharge in the context of the higher prices (food, building materials, replacement parts, and so on). We should mention in connection with all this that the military budget is already running higher than planned (108 percent), and additional funds (amounting to about 1.3 billion dinars) have been furnished with loans from reserves and with surpluses of revenues from last year's budget.

As for the third "major" budget item, which provides funds for supplemental financing of government expenditures of underdeveloped republics and Kosovo, the situation is similar. Here again, money is being spent in advance, but in this case it is going at a slower pace:

funds are being "collected" a month in advance of the plan, above all thanks to the Federation, that is, to the government, which is helping those republics and provinces bridge the gap with their balance (budget) problems.

Certainly, the problem is how they are managing to cover all those additional expenditures when they know at the same time that they cannot borrow from the National Bank of Yugoslavia and/or raise the rate of taxes and customs duties. It is possible that additional revenues are being realized from the turnover tax (with a growth of 44 percent in the first four months) by the old inflationary method (inflation carried over from last year), so that the revenues actually collected would be larger than those planned. At the same time, it is clear that this cannot be a very "ample" source, since counterforces are (also) operating to reduce revenues from the turnover tax. For example, sales (and production) are dropping off faster than was planned—or the special turnover tax for the YPA is being paid by a considerably broader group of taxpayers than in the case of the basic turnover tax.

The situation is still less clear with revenues from customs duties and import charges. There is a noticeable lag of the revenues realized on this basis (78 percent of the balance), and this at a time when imports on which customs duties and import charges are collected are rising 40 percent. The reason for the slower inflow of duties may also lie in the fact that there are uncontrolled imports not going through customs clearance—but also in the fact, as Velimir Sljivancanin has said, that the structure of imports is heavy toward those segments which are less taxed (imports for subsequent export, imports of production supplies, etc.).

The situation is best with the less important (with respect to their share in total funds) revenue items. There are no problems with the contributions of the republics and provinces, whose share in the budget is steadily decreasing, and that is the result, Savo Markovic said, (also) of the fact that the rule has been adopted that the Federation covers these items by automatic collection.

However that might be, the additional expenditures allowed, even though they pertain to only certain budget items, do not make an acceptable impression from the standpoint of stabilization policy; that is, as Natan Bernot says, there is no reduction of budget expenditure, and that means that there is no sensitivity to general events in the country. But a new rebalancing of the budget, judging from everything that was heard in the budget committee, is inevitable, above all under the pressure of two major items (it seems things have been straightened out with the YPA), which have to do with interventions in the economy and benefits for disabled veterans. However, it would not be advisable to rebalance the budget with a global increase, through interventions of the National Bank of Yugoslavia or by raising the tax rate. For the moment, at a time when reduction of expenditure does not seem possible, only further redistributions within the budget come into consideration, according to Verica Dudic, chairwoman of the budget committee. Incidentally, up to now funds for

financial rescue of the banks have been used for other purposes since there has been none (financial rescue). And there is a big question of whether the redistributions will be sufficient to meet the additional needs of certain users and whether those who are losing will agree to this. It is, of course, possible to do the rebalancing in such a way that no

one would be hurt, but that would not be possible without increasing the budget as a whole. And that would signify a growth of the budget beyond the agreed limits and including it in the general "breach" of government and social service expenditure which has already been noticed in the republics and provinces.

HUNGARY

Poor Attendance, Vague Resolutions Plague Workers' Councils Meeting

90CH0150B Budapest BESZELO in Hungarian
28 Apr 90 pp 25-26

[Article by Janos Eorsi: "Workers Without Councils"—first paragraph is BESZELO introduction]

[Text] Last Saturday, in the central hall of the Iron Workers' Trade Union, Sandor Racz, who headed the Greater Budapest Central Workers' Council in 1956, attempted to take personal control of the fate of the workers' councils which were badly mismanaged. In the end, however, the 300-400 participants at the meeting of the occasional group called "Workers' Councils '56-'90," (whose number was considerably reduced as time went on) resolved only to meet once again in two weeks, at a location that is to be announced in the daily papers.

Racz, who requested and was given an hour to speak at the opening, intended to make a gesture of this meeting: He wanted to announce that if it is the workers' wish, he would once again be willing to be the leader of the cause. He proclaimed: "The aim of this meeting is to define the future of those who earn their living through physical labor." He was talking about that 40 percent who did not vote; that is, those people who are not represented by any party, and who may unfortunately remain on the peripheries of power. This segment of the population must define its own demands and express its own interests. Racz was there, he said, to find out what the wishes of those who earn their living through physical labor are, and to learn what the cause he should adopt is. How do the participants feel about workers' property, workers' councils, and trade unions, he asked. Is it proper to talk about workers' councils now when, in contrast to 1956, there is no revolution? Would it not make more sense, he asked, to establish a new party instead?

Many of his questions were rhetorical in nature, as he must have known, and during the ensuing debate there was not a word about starting a new party, while many speakers expressed their commitment to workers' councils. On the other hand, we saw many familiar faces, the faithful of the workers council movement as it exists: The discussion was moderated by Lajos Somlay, president of the National Council of Workers' Councils (MOSZ). (Our issue No. 8 contained a report about the founding of the MOSZ in late February.) And, of course, the information bureau behind the workers council cause (MII) and political supporters were also present: the Left Alternative Union and several independent Social Democrats. Racz himself was also present at the founding of the MOSZ, but at the time he declined to support the new organization in a speech. This time we have seen the outlines of what we hope will develop into a healthy discussion. Racz expressed his disappointment over how few people showed up, how uninvolved members of that

certain 40 percent are, and it was impossible to ignore the implied criticism that, once again, here are the intellectuals.

By the way, let us observe honestly that when it comes to the cause of workers' councils, today it is most actively and unselfishly served by the MOSZ. Its members work without compensation, and the number of councils that have joined its ranks (according to information provided by Laszlo Thoma, the man in charge of the MII) has grown from the initial 13 to 35, with an additional 60 waiting to be registered. Thoma referred to two types of workers' councils: One is formed in near-bankrupt plants of the countryside (such as the one in Koporc-Balassagyarmat), in defense of the workers' jobs when the community is unable to represent workers' interests before the local council. The other type is established in the central organs of enterprises that are in trouble, most successfully represented by the council of workers at the Matyasfold plant of the IKARUS bus factory. That body, according to its president, Ferenc Steer, already has 1,200 members, criticized the firm for its unilateral Soviet orientation, succeeded in its struggle to participate in last week's meeting of the enterprise council, and called for the leadership's resignation.

Besides the MOSZ, in what may be the meeting's most important development, a once-and-again supporter, the MDF [Hungarian Democratic Forum], was also represented in the discussion. Last autumn, when the MDF's national-liberal-Christian wing gained prominence, the idea of workers' councils was swept to the background, as was bitterly observed by pro-council representatives at the national platform meeting in October. Still, providing workers with a share of proprietorship is in perfect accord with the concept of emphatically controlled privatization that is committed to keeping managers in check. Now the MDF eagerly distributes its documentary brochure entitled "Workers Council," published during the height of the campaign, which reveals that the cause of workers, and specifically that of workers' councils, was actively represented within the party as early as February 1989 (in such forms as, for example, the institution of the National Workers' Forum of the MDF). The MDF's spokesman at the meeting, the boiler mechanic Jozsef Bajtay, also represents the workers' council that was formed two months ago at the Labatlan Paper Factory. He sharply criticized the rapid privatization, claiming that it would lead to the undeserved enrichment of "new proprietors," and proposed instead a concept in which 25-30 percent of nationalized property would be transformed into employee shares, accompanied by a repayment obligation. (Shouts from the audience: "Not enough!") Bajtay promised to urge his party to propose a law dealing with workers' councils.

As to what should be included in a law dealing with workers' councils, there is no consensus on the issue. According to the present legal status, workers' councils are on the one hand considered associations, because the courts register them on the basis of the law concerning associations, on the other hand they are trade union

organizations, since that is how they are classified by a resolution of the prosecutor general. The implications of this status are uncertain; for example, we have not heard of a single case in which a workers' council has negotiated a collective bargain agreement. Of course, the trade union role of workers' councils will be determined by practice: In general, if we understood the speakers correctly, they are loose, undeveloped, ad hoc organizations, in which the work of a few activists is certified by the sympathizing signatures of the silent majority. No workers' council has any role in self-management, which is entirely the responsibility of the enterprise council. However, since the latter institution (together with the principle of direct self-management based purely on employee participation) have been shown to be easily manipulated and thus became totally invalid, experts from the MOSZ and the MDF alike are attracted to the idea of employee shareholding, with the MOSZ experts also calling for the introduction in Hungary of participatory rights on the West German model. They feel that the 10-percent upper limit the current law of associations placed on employees' share ownership (allocated free of cost or at reduced rates, and with limitations of saleability) is too low. But this is not the only limitation applied by the law of associations. If, for example, the rule that employees' shares can only be issued by increasing the value of founding capital, the enterprises could issue bonds without coverage; while if the rule were to remain in effect, then shares of the founding capital will simply have to be sold to a rich individual. Another point of contention is whether exercising collective rights through share-ownership, which adherents of workers' councils promote, would lead to the rise of entities reminiscent of enterprise councils?

Of course, all of these issues could not be cleared up during the meeting called "Workers' Councils '56-'90." But this is not surprising: Questions related to transforming the oversized state property have not been solved elsewhere either. One thing is certain: We must provide the means for accomplishing "privatization" through self-management at the less complex enterprises, too. According to economists, private owners are the best proprietors. "But where are these private owners?" one may ask realistically. About all we have here are workers and employees; or, as observed by Bajtay and Gyorgy Krasso (who also spoke in the name of the Party of the Hungarian October): There is no state, only people who produced the existing state-owned property. But let us not get too far ahead of ourselves: The workers (employees) need powerful protection, which only they themselves can develop. Looking at it this way, the meeting had a decidedly positive outcome: We have witnessed a gradual dispersal of the myth created by some activists about workers' anxieties. "There is no need to fear the workers' councils," said Mrs. Erzsebet Molnar Kujbus, a worker from Szabolcs county, "What we should worry about is finding ourselves and our families without income."

Legislative Committee Ponders Faculty Purge, Educational Change

25000735A Budapest NEPSZABADSAG in Hungarian 11 May 90 p 4

[Article by V. Gy.: "Cultural Committee: All Beginnings Are Difficult"]

[Text] A dictatorship must be introduced temporarily in order to establish democracy. Somewhat simplified, this is the not brand new paradox that confronted the parliamentary committee on culture at its organizing meeting yesterday. (The full name of that body is the Committee on Cultural, Educational, and Scientific affairs and on Sports, Television, and the Press.)

The committee faced this issue, but was unable to deal with it for the time being. We can only hope that in the end they will succeed in this regard, because in our recent as well as distant past we have learned that the above-quoted requirement cannot be fulfilled.

To start at the beginning: Representative Dr. Gyula Kincses submitted a proposal to the committee. Its starting point is that the "university and academic leadership chosen in the old structure, and one that decisively represents the old structure, is trying to salvage its position and power in these days throughout the country." In Kincses' view this situation necessitates intervention by Parliament, by way of a determination which orders that the "leadership of universities and academies regard themselves as caretakers until such time that the new government takes office, and that they do not reach decisions regarding personnel matters which involve management level positions or in regard to major investments." This of course amounts to none other than the suspension of the autonomy of universities and academies in regard to a certain category of the most essential issues.

It soon turned out that already in its first offering the proposal faced an appropriately divided multiparty parliamentary committee. There was only one point of agreement between members and groups from the various parties: The proposal was inappropriate from the standpoint of anyone.

It is worth adding here that the first topic of discussion presented a favorable opportunity for Smallholders Party representative Dr. Sandor Kavassy to propound his own peculiar cultural policy program. One cannot tell whether he did so on his party's or only on his own behalf. The essence of this program is that the changing of the guard should begin throughout the cultural "line." Also in a peculiar manner, this process should begin by every leader staying in his place, awaiting a reckoning to find out whether he was faithful to the nation during the past period. The unfaithful, and further the Stalinists, and those who in the representative's words lay down for Kadar "more than necessary," should be removed, and their places should be occupied by persons who were previously rejected. Incidentally, this Smallholders Party

cultural politician of our democratic and European Parliament also believes that the silent destruction of villages must be terminated immediately by restoring the small schools everywhere, and as the most urgent measure within educational policy, by introducing the teaching of religion and moral philosophy.

After Cultural Committee Chairman Ferenc Kulin returned the discussion to the actual subject matter of the meeting, one could also hear the most radical proposal made by Bertalan Andrasfalvy. In the view of this outstanding ethnographer, the antidemocratic structure cannot be changed by democratic means, and for this reason the Italian example must be followed. In Italy, following the defeat of fascism, commissioners were appointed to head institutions of higher education, so that these institutions be could cleansed of fascism. The representative—incidentally, not a member of the committee on culture—did not go into details as to the extent he feels the present Hungarian situation is similar to the Italian conditions at that time.

The committee first rejected the idea of delegating parliamentary commissioners. Thereafter it decided that in the framework of a subcommittee it will develop a proposed resolution. (The subcommittee will utilize the services of a professional jurist, and thus, it will certainly turn out that the autonomy of the institutions of higher education cannot be suspended on the basis of a resolution, but only by law, according to the education law now in force.)

Following lengthy debate, the committee thereafter referred a proposal originally introduced by the SZDSZ [Alliance of Free Democrats] to a subcommittee for investigation. The proposal concerns the large-scale Hungarian newspaper acquisitions by the Axel Springer firm, and the Hungarian Socialist Party's [MSZP] possible "passing on maneuvers." In response to a proposal made by representatives of the MSZP and of the Hungarian Democratic Forum [MDF], the investigation will involve all foreign capital investments pertaining to the Hungarian press, and will cover the examination of the possible threat of evolving monopolistic situation(s).

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